



# The Planning, Building Permitting and Inspection Process within the MOA.



Anchorage Economic Revitalization and Diversification Advisory Committee

PERMITTING SUBCOMMITTEE REPORT

October 2022

## EXECUTIVE SUMMARY

The Municipality of Anchorage (MOA) permitting process for residential and commercial construction poses several obstacles and costly delays to development in the Municipality. Building permit construction valuations are projected to total \$488 million in 2022, a 21% increase over 2021 (AEDC, 2022). Improvements in streamlining the Municipal planning, building permitting, and inspections process are integral to Anchorage's economic revitalization. The intent of this AERDAC subcommittee report is to home in on realistic strategies to improve the permitting process and to support the efforts of the Administration and Municipal department staff to implement improvements.

The organization of the full report defines the permitting process, reviews past reforms that worked to streamline the permitting process, describes the status and inefficiencies of the current Municipal permitting system, and details recommendations to remedy the inefficiencies. Among the key recommendations are:

- 1) Hire a Building Official with extensive building code and construction management experience, who is personable and solutions oriented.
- 2) Enlist an Accountability Manager to consult with the Office of Economic and Community Development (OECD) Director and supervisors to review Performance Measures for Development Services and Planning. Update if necessary. Collectively review the BendonAdams strategic plan for areas meriting attention.
- 3) Appoint a Mayor's Permitting Task Force comprised of representatives from Anchorage Home Builders Association (AHBA), Associated General Contractors (AGC), and the architectural and engineering community. The Mayor's Permitting Task Force will collaborate with the OECD Director and Accountability Manager to identify progress and remaining gaps in streamlining the permitting process.
- 4) Assess the feasibility of privatizing components of the planning, building permitting, and inspections process

Although this Administration has addressed the permitting process through progressive management oversight of OECD and Public Works, reinforcement is needed to foster an organizational culture focused on customer service and a sense of mission.

## SUBCOMMITTEE MEMBERS

Among the subcommittee members, there is considerable collective experience in both the private and public sectors, which will help provide critical steps to streamline the permitting process.

Caren L. Mathis, AICP – CMA Planning & Development; former Sr. Principal ASRC Energy Services/Regulatory; former MOA Manager Building Safety, former MOA Director of Community Planning and Development. During the Mystrom Administration, Caren served as Building Safety Manager and Planning Director when broadscale improvements to the planning, engineering plan review, building permitting, and inspections process were implemented. These improvements resulted in the consolidation of these functions in a new development center.

Bill Taylor – Owner Colony Builders, Inc., AHBA past president and currently a director on the AHBA Board of Directors. Bill served on a prior Mayor’s Task Force to address obstacles in the building permitting process. He has worked with several administrations to address obstacles in plan review. He was instrumental in working with Adam Trombley, former director of Municipal Office of Economic and Community Development, when he was on the Anchorage Assembly to pass (9-2) an A.O. that allows “third party plan reviews”.

Larry S. Cash, FAIA, NCARB – Founder and Chairman of the Board RIM Architects. Larry has shepherded many private sector and public-private development projects through the permitting system.

Michelle E. Klouda, AIA, NCARB, LEED – Owner and Principal RIM Architects. Michelle has extensive and current development project experience within the MOA.

Craig Campbell, TSAIA Director – Former MOA Executive Director at Planning, Development, and Public Works. Craig served as the Executive Director for Planning, Development, and Public Works within the Wuerch Administration. Under his leadership, the Anchorage Permit Center Building was expanded to consolidate and streamline all planning and development services.

Mike Robbins – Executive Director ACDA, Co-Chair AERDAC. Mike’s business consulting and ownership brings extensive business-owner experience. He has been involved in many projects where business expansion required MOA permitting.

## THE PERMITTING PROCESS

The permitting process is the coordinated review and approval of residential and commercial development projects through land use planning and zoning, architectural/engineering/fire plan review, structural, mechanical, electrical, plumbing inspections to Certificate of Occupancy.

This report focuses on the MOA permitting process. A project management schedule may require additional State and Federal permit approvals, which renders a timely and efficient Municipal permitting process even more critical to the overall economics of a development project. The Municipality of Anchorage permitting process encompasses many disciplines and the following entities:

### Office of Economic and Community Development (OECD)

1. Planning (zoning and land use review)
2. Development Services
3. Public counter
4. Residential and commercial permit applications
5. Private development
6. Onsite water and wastewater permits
7. Engineering plan review
8. Inspections

### Department of Public Works

9. Project Management and Engineering
10. Traffic, Right-of-Way
11. Street maintenance

### Fire Department

12. Fire plan review

### Anchorage Water & Wastewater Utility

13. Water and sewer system connections and coordination with Platting and Private Development

## HISTORY

The problems associated with the development and permitting process are not new or unique. However, these problems were addressed and systematically fixed over 20 years ago. The Development Services building on Elmore Road was designed and constructed to integrate the multiple disciplines involved in streamlining the planning, building permitting, and inspections process. The “one stop shop” Development Services building replaced a decrepit Public Works building on Tudor Road which was riddled with structural and ventilation problems, not to mention poor customer service. Problems at that time were addressed with the buy-in of several unions, and a new one stop permit center was designed and constructed with Assembly and Administration support, along with ongoing industry input. Sweeping change culminated in the construction of a one stop permit center that integrated permit functions.

These systemic efficiencies gained in the past have tended to devolve over several Administrations and changes in leadership. Development Services, in particular, has not received the attention it deserves- both internally, from an organizational culture perspective, and externally, from a customer outreach perspective. Adjustments are needed. Anchorage Home Builders Association, Associated General Contractors, and the architectural and engineering community stand ready to support this Administration and OECD in streamlining the permitting process- not waiving regulation- but improving process efficiencies. The goal is to put Anchorage, Alaska, on the map as a unique and resourceful place to build the future.

Significant progress to streamline the permitting process was made in the Mystrom and Wuerch Administrations, when fragmented disciplines were consolidated into a customer-friendly, one-stop permitting shop. Unfortunately, the enthusiasm and leadership to maintain momentum in a high-functioning planning, building permitting, and inspections system has faltered with successive administrations.

In the 1990’s, Mayor Rick Mystrom recognized that the development and permitting process was cumbersome, disjointed, and inconsistent. He reassigned Caren Mathis, then Project Manager of the *Anchorage 2020 Comprehensive Plan*, to serve as Program & Policy Director at Building Safety to spearhead broadscale improvements in the permitting process. Alongside AHBA, AGA, and members from the architectural design and engineering community, Caren served on the Mayor’s Task Force to build cooperation between builders and regulators. Under Caren’s leadership and rigorous workplan, Building Safety implemented over 100 action items from a multi-discipline strategic plan to streamline permitting. In addition, Caren enlisted the MOA internal, certified quality specialist to improve efficiencies. As public counter, engineering plan review and inspections processes were improved, a feasibility study for a permit center to support the more integrated and customer friendly “one stop shop” ensued. The feasibility study led to a capital project proposal to replace an outmoded Public Works building with a new Permit Center. The Assembly approved a design-build, lease to own scenario for the new Permit Center, which is now the Development Services Office on 4700 Elmore Road.

Mayor George Wuerch followed Mayor Mystrom and accelerated the streamlining process. Mayor Wuerch merged the various development functions, such as planning, engineering,

permitting, inspections, and code enforcement into a single department with an Executive Director who reported to the mayor. The Anchorage Permit Center was expanded. The Planning Department moved from downtown into the newly expanded facility.

More recently, many of these changes/proposed changes were reversed or not pursued. This has resulted in the development of a permitting process that is not as efficient or effective as could be achieved with a reorganization, hiring of a qualified building official who has the political support and who can work with the OECD Director to implement the necessary changes to streamline the process.

## CURRENT STATUS

The Municipal permitting process for residential and commercial construction poses several obstacles and costly delays to development in the Municipality of Anchorage. This is the consensus of the AERDAC. Although this Administration has made up for much lost time by appointing new leadership overseeing OECD, improvements to the permitting process are still needed. Former OECD Director Adam Trombley's replacement, Lance Wilber, will be key to building morale within the organizational culture and working with staff to ensure performance measures are met.

Building permit construction valuations are projected to total \$488 million in 2022, according to the AEDC's *Economic Forecast Report*. This year's projection for building permit construction valuations represents a 21% increase over 2021 (AEDC, 2022). The increase in permit values indicates in part higher levels of residential and commercial activity. While this would normally be a good sign, the current, higher permit values also reflect higher costs of materials. (AEDC, 2022).

With labor shortages, the rising cost of goods, and interest rate increases affecting residential and commercial construction development, our community cannot afford a cumbersome permitting process that further dampens growth and development. **Anchorage's economic revitalization and diversification rely in part on streamlining the Municipal permitting process, ensuring building life safety & resiliency, and improving customer service.**

## PRIOR STRATEGIC PLANS AND INITIATIVES TO STREAMLINE PERMITTING

This section of the report provides an overview of past strategies, which in their time, resulted in streamlining the permitting process. A revival of the vision, values, and mission of these systemic solutions could assist in the organizational reform needed now in the planning, building permitting, and inspections process.

Phillips Group/Lamb and Lamb Management Review of Municipality of Anchorage Building, Planning, Permitting and Inspection Process (1997) – This study resulted from action by the Mystrom Administration to address concerns from Anchorage’s residential and commercial design and construction community regarding the Municipal planning and building permitting process. The Phillips Group management review outlined key factors impacting the effectiveness of the Municipal permitting process:

- Organization
- Staffing
- Facilities
- Codes
- Customer relations
- Analysis/Recommendations regarding variance process, conditional uses, rezoning, platting process, residential and commercial permitting and inspection process, and flow charts
- Cost recovery sources
- Implementation plan

The MOA then retained a Management Consulting firm (Strategen) to implement the Phillips Group-Lamb and Lamb permitting study. The MOA retained the Management Consultants to work deliberately with Building Safety, Planning, and Community Development, Private Development, Project Engineering, Street Maintenance, Traffic, Fire, AWWU, and Health and Human Services on a strategy to implement the initiatives in a timely manner. Quarterly progress reports were filed with the Mayor, and presentations were made to the Assembly. Faster turn-around times for residential engineering plan review and coordinated Engineering Review and Inspections were soon realized by customers- by the public. The Public Counter started working more efficiently with a customer friendly focus. Attitudes changed. The culture within Building Safety changed.

### Permit Center Feasibility Study, Koonce Pfeiffer Architects (1998)

This study, undertaken by a local architecture firm, assessed the “one stop-shop” concept for a permit center and laid out the long-term solution of housing that “one stop” permit process in a new facility. Replacing the decrepit and worn out 3500 Tudor Road Building was recommended. The Koonce Pfeiffer feasibility study then assessed: proposed building sizes for the permit center, potential sites, and construction costs. of various options. The architecture

firm worked with the MOA Finance Director and MOA Facilities Construction & Maintenance to assess capital costs/contributions and operating lease costs of the proposed concept. Administration and Assembly approval followed.

Permit Automation System, Resource Data, Inc.(1998-2001)

Building Safety retained the local IT firm Resource Data Inc.to partner with them to automate the improved permitting process. The ultimate focus of the Permit Automation System then was to enable a more coordinated and efficient permitting process, benefitting staff and benefitting customers- the public. This initialization of a Permit Automation System implemented electronic submittal of permit applications and engineering plans review.

Design and Construction of New Permit Center (1997 – 2000)

A Selection Committee was formed (including the Building Safety Manager) to rate architectural proposals responsive to an RFP for a new Permit Center. Architect Dale Porath was selected. The Permit Center was constructed and operated under a Design-Build, Lease-to-Own concept. JL Properties was the building owner.

Expansion of the Permit Center and Consolidation of Services (2002)

Bendon/Adams Study (2018) – This project responded to the need identified by the MOA, AHBA and Cook Inlet Housing Authority for a more comprehensive strategy to improve and streamline housing and community development processes.



## CURRENT DEVELOPMENT AND PERMITTING INEFFICIENCIES

- Potential lack of adequate workforce to meet demand; lack of negotiated work rules and tracking methodologies (involves several unions)
- Lack of a building official
- Bureaucratic administrative organizational structure: chain of command may be unclear to staff. Organization charts on the Municipal website need updating.
- Structural plan review exceeds timeline specified in policy
- Inconsistent building inspections
- Lack of a customer advocate process
- Lack of staff training promoted by managers and supervisors
- Insufficient accountability among development services functions
- Lack of a *Privatized Non-Life Safety Inspection Program*, which is a voluntary program that allows development customers to hire qualified independent private inspectors to perform non-life safety inspections. Possible eligible inspections: energy, green building, and landscape
- Delays in the full implementation of the updated permit automation system

## RECOMMENDATIONS

This report organizes the recommendations according to short-term, mid-term, and long-term implementation.

### **Short-Term**

- Hire a building official with extensive building code and construction management experience and who is personable and solutions-oriented MOA Human Resources. Could contract with a private sector recruiting firm to facilitate the hire. One reputable company is Prothman, which specializes in providing national and regional executive recruitment services to large and small cities, counties, special districts, non-profits, and other governmental agencies throughout the United States.
- Focus on organization development to build morale and instill a sense of mission among development services and planning staff.
- Address the potential workforce shortage. Possible hiring bonus or incentive pay increase could improve recruiting efforts. Prothman could help develop this strategy.
- Increase staff training on the new amendments to Title 23 (building code), and Title 2 (land use code). Monitor adherence to the amendments in staff reports and at Building Board and Planning and Zoning Commission meetings.
- OECD Director, managers, and supervisors should review current *Policies and Procedures* for engineering plan review timelines and other directives relevant to the permitting flow.

### **Mid-Term**

- Hire an accountability manager with expertise in organization development; support will be needed from MOA Human Resources.
- Review the Bendon/Adams Report. Appoint a Mayor's Permitting Task Force comprised of the OECD Director, representatives from AHBA, AGA, and the Architectural and Engineering community to ensure the accountability manager's recommendations are implemented.
- Accelerate the implementation of electronic submittal of permit applications and engineering plan review. Assess the efficiency of the pre-screening process.
- Enlist assistance from Municipal Innovation Officer and iTeam, along with an internal management audit to identify gaps in efficiencies and to develop an action plan to make improvements.
- Develop training program for staff and customers on the updated *automated permit and inspection system*. Enlist Municipal iTeam for support in utilizing full functionality of the automated permit and inspection system and troubleshooting when necessary.

- Enlist assistance from MOA Human Resources and Labor Relations to support OECD Director in effecting changes in Inspections performance measures.
- Consolidate divisions that are part of the permitting process, so all relevant disciplines report to the same director/manager.

### **Long Term**

- Assess feasibility of privatizing components of the permitting process

## SOURCES

AEDC, *2022 AEDC Economic Outlook Report*, Prepared by McKinley Research Group, LLC. 2022.

Anchorage Daily News, *Mayor acts to cut delay for builders*, Chuck Kleeschulte. April 26, 1983.

Anchorage Daily News, *Mystrom sets sights on permitting process*, Tom Bell. July 8, 1997.

Anchorage Daily News, *Mystrom wants new permit center*, Tom Bell. March 11, 1998.

Anchorage Home Builders Association. Proposed organization chart for development services to support streamlined permitting process. 2021.

Anchorage Municipal Employees Association (AMEA). Building Permit Process Concerns and AMEA Member Recommendations. December 1997.

Bendon/Adams Report, Municipality of Anchorage Streamlining Development Process. 2018.

Bendon/Adams Progress Report. 2018.

Conversation with Adam Trombley, former director of Municipal Office of Economic and Community Development; AEDAC Permitting Subcommittee members Caren Mathis and Bill Taylor; former Municipal Building Official Ron Thompson. March 14, 2022. Development Services 2700 Elmore Road.

Economic Transition Team Report. Mayor Dave Bronson. *Re-Invigorating the Anchorage Economy*. June 28, 2021.

Meeting with Adam Trombley, former director of Municipal Office of Economic and Community Development; AERDAC Permitting Subcommittee members Caren Mathis, Bill Taylor, Larry Cash, Michelle Klouda, and Mike Robbins. August 17, 2022.

Meeting with Lance Wilber, Director of Municipal Office of Economic and Community Development; AERDAC Permitting Subcommittee members Caren Mathis, Bill Taylor, Michelle Klouda, and Mike Robbins. October, 2022.

Phillips/Lamb and Lamb Management Review of the Building, Planning, Permitting, and Inspection Process. 1997.

Municipality of Anchorage, *Anchorage 2020 Anchorage Bowl Comprehensive Plan*, Prepared by Department of Community Planning and Development, Caren L. Mathis, Director; Presented to Planning and Zoning Commission and Municipal Assembly. March 2000.

Municipality of Anchorage Development Services Performance Measures  
<https://www.muni.org/Departments/Mayor/Documents/PVRs/2022%20PVRs/2022%202Q%20PVRs/2022%202Q%20Development%20Services.pdf>  
Accessed October 30, 2022.

Municipality of Anchorage *Operating Policy & Procedure, Community Development Code Strategy*, signed by Adam Trombley, former director of Municipal Office of Economic and Community Development, July 13, 2021.

Municipality of Anchorage Department of Public works/Building Safety. *Tudor Road Tribune*. 1998. Quarterly newsletter for Building Safety.

Municipality of Anchorage Building Safety Permitting Progress Update Presentation to the Assembly. March 24, 1998.

Municipality of Anchorage Planning Department Performance Measures  
<https://www.muni.org/Departments/Mayor/Documents/PVRs/2022%20PVRs/2022%202Q%20PVRs/2022%202Q%20Planning.pdf>  
Accessed October 30, 2022.