



2012

Annual Report



City of Houston

8/8/2012

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INTRODUCTION

On behalf of the Houston Permitting Center's Leadership Committee and staff, I am pleased to introduce the *2012 Annual Report for the Houston Permitting Center*. The report represents activities between July 1, 2011 and June 30, 2012, the City of Houston's fiscal year.

During this past year the Houston Permitting Center (HPC) became a fully functioning service center, providing customers access to approximately 90 percent of all permits, licenses, and registrations required by the City of Houston. This centralization will continue into the future as we push toward achieving the goal of providing our customers with a single physical location for all of their permitting needs, truly a one-stop center.

Houston continues to show signs of strong economic growth. The Greater Houston Partnership is expecting a bright future for the region, forecasting that it will lead the state in both population growth and job creation through 2035. Much of the forecasted growth occurs in sectors that have a direct connection to the services HPC provides: construction, trade, transportation, professional services, and food services.

HPC is poised to provide the services necessary to support the region's economic growth in 2013 and in future years. We launched several key improvements in 2012 that will continue paying dividends in the coming years. A centralized point of sale system was interfaced with multiple permitting systems that led to streamlined payment processing and expanded payment options for customers. We also launched an improved customer queuing and routing system that efficiently handles over 1,000 customers on a daily basis.

The successes of the past year are the result of the collaboration and commitment of the City's leaders, HPC staff, our partners, and our customers. In the coming year I look forward to working with those groups to deliver improvements that positively impact the customer experience at HPC.



Executive Director, Houston Permitting Center

ABOUT US

The Houston Permitting Center's (HPC's) mission is to help customers achieve their goals while complying with the City's regulations.

HPC opened its doors on June 20, 2011, with limited staff and services and became fully operational a month later, as the last business unit relocated to the Center. At full service capacity, HPC offers customers access to over 500 different permits, licenses, and registrations required by the City at one convenient location. This represents close to 90 percent of the total number required, and we are working to increase this percentage in future years.



Although the concept of consolidating permitting services into a single location is not a new one, HPC represents the first successful consolidation by a major municipality in the United States. The Center represents a partnership of seven city departments working to form a unified approach to service delivery and customer engagement, which makes it a thoroughly unique service center.

OUR LEADERSHIP TEAM

The HPC Leadership Committee is responsible for evaluating operational performance, improving business processes, and developing strategic plans. Each member of the Leadership Committee represents one or more of the business units operating at HPC. Its members are:

- Mark McAvoy – Executive Director, HPC
- Mark Loethen, P.E. – Public Works and Engineering (PWE)
- Ogilvie Gericke – Public Works and Engineering (PWE)
- Carl Smitha, P.E. – Public Works and Engineering (PWE) Retired 8/1/2012
- Thomas Hosey – Public Works and Engineering (PWE)
- Kathryn Bruning – Administration and Regulatory Affairs (ARA)
- Lt. Dana Hitzman – Police (HPD)
- Lt. J'Marcus Adams – Police (HPD)
- Chief Richard Galvan – Fire (HFD)
- Kenneth Allen – Parks and Recreation (PARC)
- Jennifer Ostlind—Planning and Development (PDD)

FINANCIAL PERFORMANCE

Business units at HPC derive their operating budgets separately and independent of their relationship with the Center. However, HPC is responsible for providing customer engagement, payment processing, accounting, IT support, and facility management services to its tenants. Business units pay for these services on a prorated basis throughout the year.

HPC incurred expenditures totaling \$7.63 million to provide these services in fiscal year 2012 (FY12). During the same period HPC collected \$1.75 million in revenues from the prorated payments described above.

HPC's budget resides within the Building Inspection Special Revenue Fund (2301). Accordingly, HPC did not collect payments for service from other business units within Fund 2301. As a result, the large difference between revenues and expenditures reflected in HPC's financial statement is attributable to the uncollected payments.

Figure 1. Financial Statement, FY12

	FY11 Actual	FY12 Budget	FY12 Actual	Variance
Charges for Services	0	1,691,900	1,742,578	
Other Fines & Forfeits	0	0	9,816	
Non-Operating	0	0	910	
Total Revenue	\$0	\$1,691,900	\$1,753,303	3.6%
Personnel Services	0	470,029	678,161	
Supplies	0	16,500	56,959	
Other Services & Charges	0	1,358,900	1,272,209	
Debt Service & Other Uses	5,283,989	5,752,945	5,619,739	
Non-Capital Purchases	0	0	2,598	
Total Expenditures	\$5,283,989	\$7,598,374	\$7,629,721	0.4%
2301 Fund Contribution			\$5,876,418	

OPERATING PERFORMANCE

Several technological improvements were launched during FY12 that improved the overall customer experience at HPC. A single point of sale system (POS) was launched in July 2011 that streamlined the payment process. The POS is interfaced with several permit information systems and allows customers to consolidate payments for multiple permit fees into a single transaction. It also provides customers with the flexibility to

choose their preferred payment method from a variety of options. HPC staff efficiently processed over 187,000 POS transactions in FY12, collecting \$80.7 million in fees.

Several of the individual business units experience seasonal demand for certain types of permits, licenses, or registrations. Nevertheless, monthly sales remained fairly constant throughout the year. During the average month HPC processed 15,600 payments for \$6.7 million in sales.

Figure 2. Monthly POS Volume, FY12

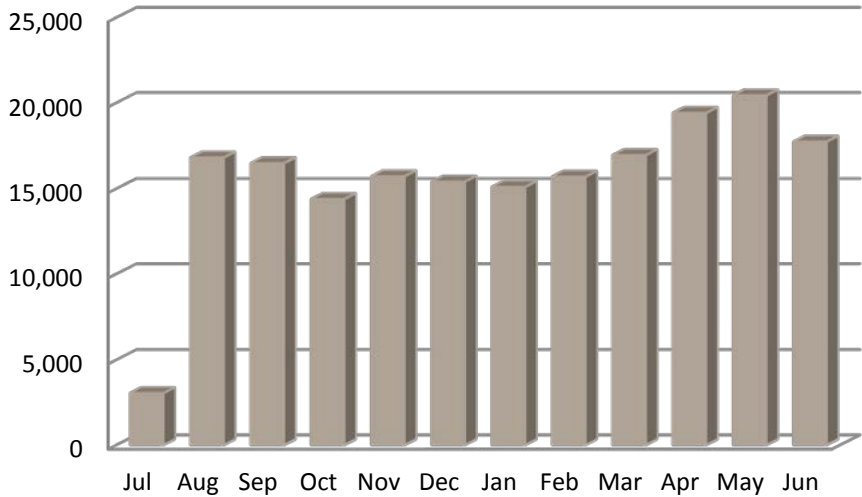
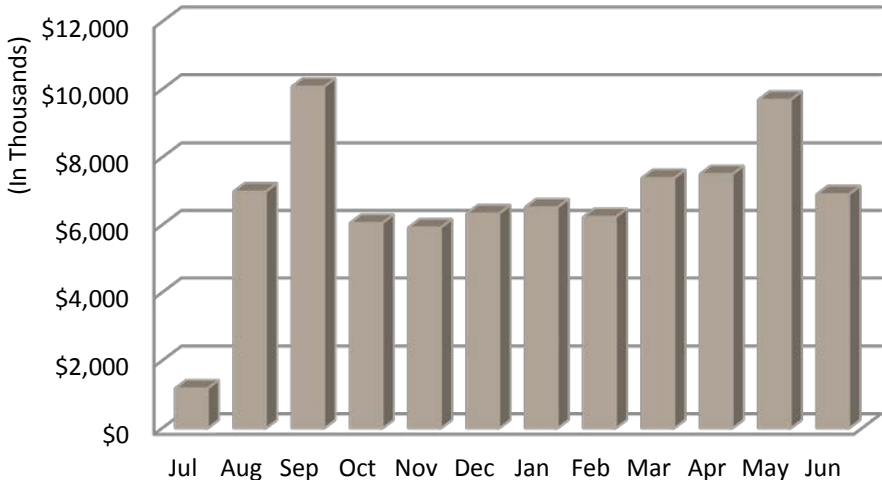


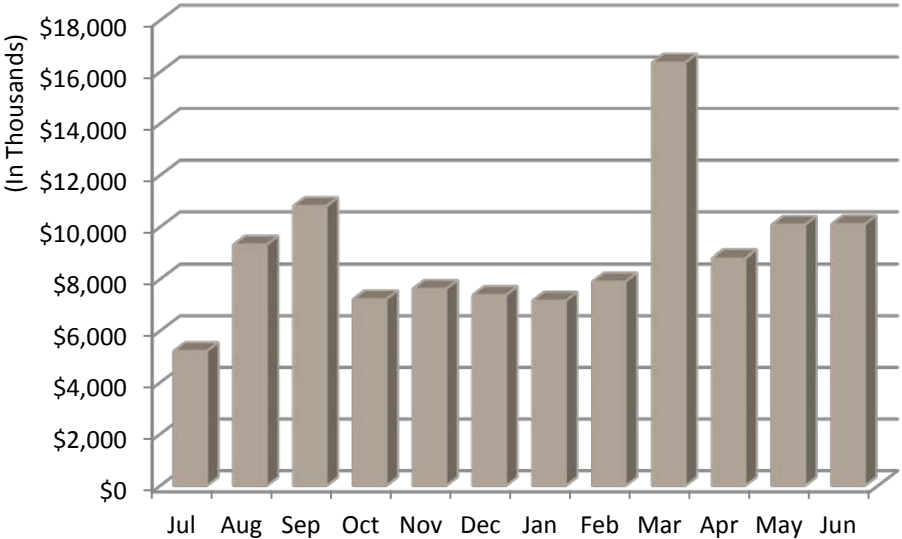
Figure 3. Monthly POS Revenue, FY12



Not all sales transactions are processed through the POS. A limited number of permits, licenses, and registrations are available for purchase

through online portals. Additionally, some customers choose to use advanced pay accounts for their purchases. When sales from other means are combined with POS sales the total amount of HPC sales exceeded \$108 million in FY12.

Figure 4. Total Permit Fees, FY12



Electronic Permits

ARA, PWE, and HFD offered online purchasing options in FY12. Although their full menu of permits is not available for online purchase, online sales accounted for approximately nine percent of the total revenue generated by permit sales at HPC. Over 40,000 online sales transactions were completed during FY12, or about 3,400 transactions per month. Revenue from online sales totaled over \$9.7 million, or about \$810,000 per month.

These figures represent a monumental increase over FY11 online permit activity, both in transaction volume and revenue from sales. The upward trend was solely attributable to changing customer preferences. The number of permits, licenses, and registrations available for purchase online was not increased and no functional improvements were delivered during this period. We expect to continue expanding and improving the online permitting capabilities of HPC in future years.

Figure 5. Monthly Online Sales Volume, FY12

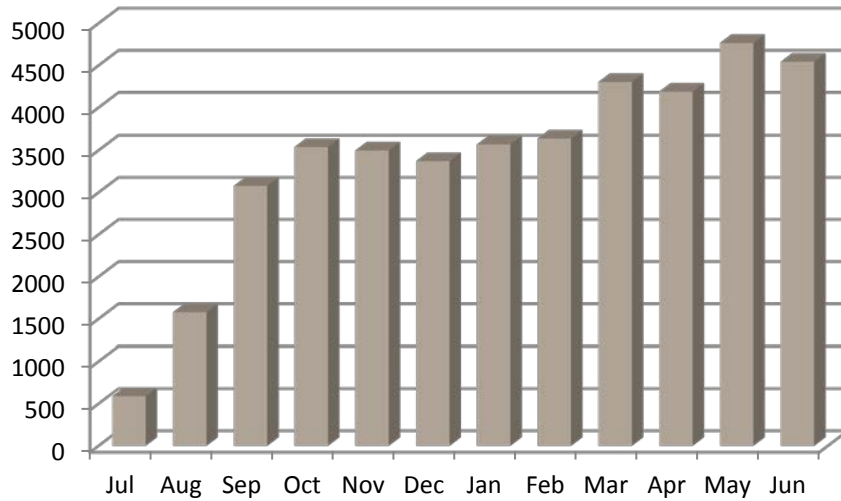
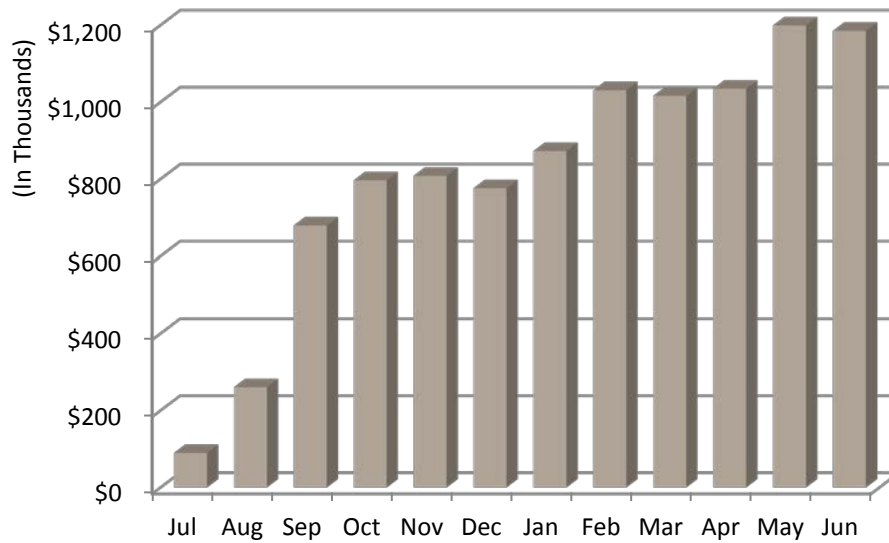


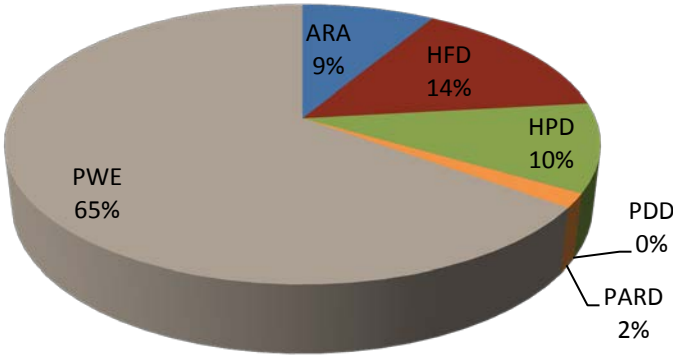
Figure 6. Monthly Online Sales Revenue, FY12



Department Profiles

Over 30 business units from seven city departments operate at HPC. These units perform a diverse range of activities and serve a diverse range of customer segments. Although the majority of permitting activity is conducted by PWE, a significant percentage of activity is conducted by our other partners.

Figure 7. Share of POS Volume by Department, FY12



PWE oversees the permitting and regulation of residential and commercial building construction, commercial signs, construction in the City’s rights of way, and connection to the City’s water and waste water utilities. PWE’s permitting activity accounted for nearly two-thirds of HPC’s activity during FY12. In an average month PWE activities accounted for 10,000 transactions and \$5.3 million in sales.

Figure 8. PWE Monthly POS Volume, FY12

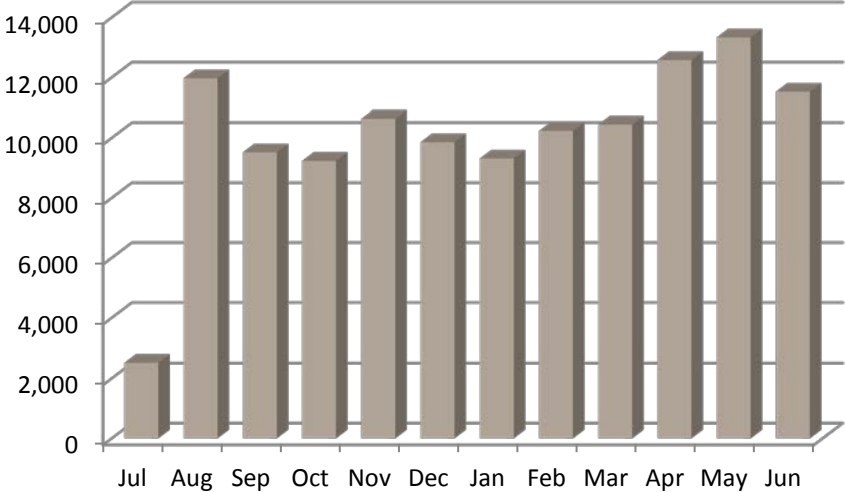
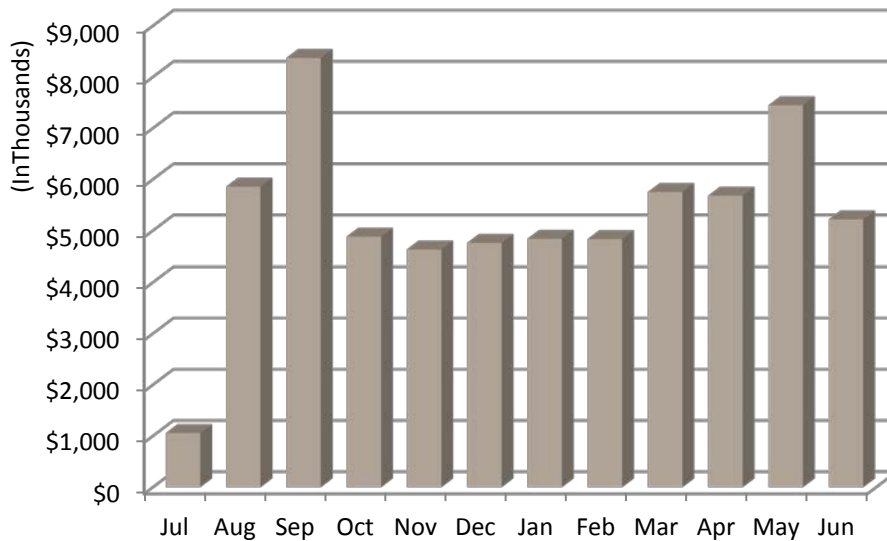


Figure 9. PWE Monthly POS Revenue, FY12



HFD oversees the permitting and regulation of fire prevention and suppression systems, fire alarms, special events requiring standby marshals, and the storage of hazardous materials. HFD’s permitting activity accounted for 14 percent of HPC’s activity in FY12. In an average month, HFD activities accounted for 2,300 transactions and \$715,000 in sales.

HPD oversees the permitting and regulation of automotive dealers, body shop operators, parking lot operators, wrecker drivers, and auto repair facilities. HPD also provides identification clearance letters and fingerprinting services. HPD’s permitting activity accounted for 10 percent of HPC’s activity in FY12. In an average month HPD activities accounted for 1,600 transactions and \$267,000 in sales.

ARA oversees the permitting and regulation of certain commercial businesses, vehicles for hire, burglar and panic alarms, and sound amplifying equipment for special events. ARA’s permitting activity accounted for nine percent of HPC’s activity in FY12. In an average month ARA activities accounted for 1,300 transactions and \$400,000 in sales.

PARD oversees the permitting and regulation of ball fields, concession stands, and community centers. PARD’s permitting activity accounted for two percent of HPC’s activity in FY12. In an average month PARD activities accounted for 250 transactions and \$46,000 in sales.

PDD oversees the permitting and regulation of land development in Houston and its extra territorial jurisdiction. PDD’s permitting activity

accounted for less than one percent of HPC’s activity. In an average month PDD activities accounted for two transactions and \$2,000 in sales.

Figure 10. Monthly POS Volume by Department, FY12

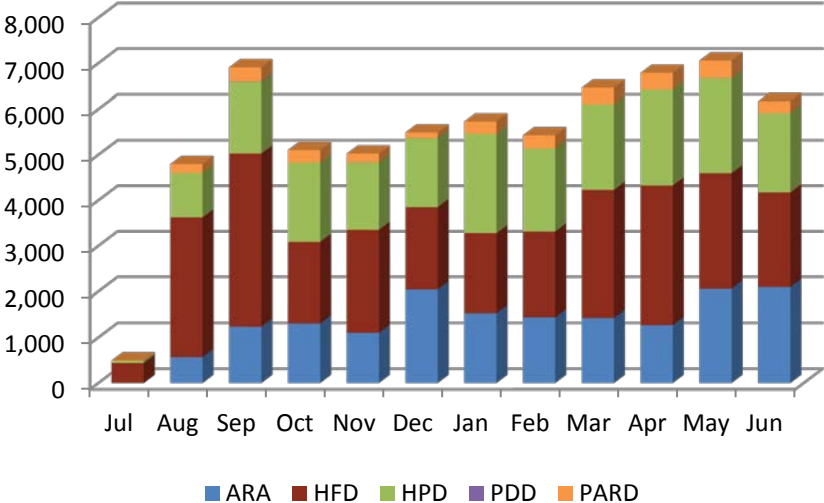
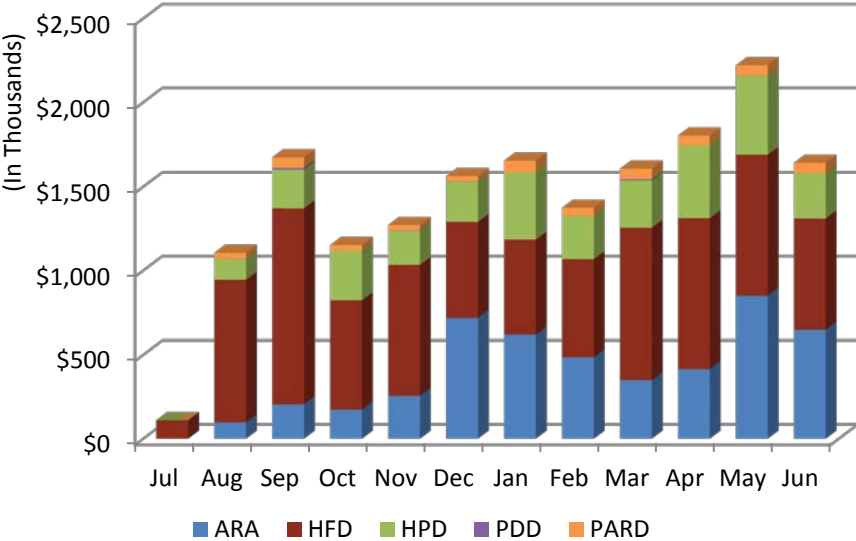


Figure 11. Monthly POS Revenue by Department, FY12



The Health and Humans Services Department (HHS) performed plan review services at HPC, but did not sell permits during FY12. HHS staff will begin selling permits from HPC in FY13.

CUSTOMER EXPERIENCE

Accomplishing our mission requires a continuous pursuit of improving the customer experience. Providing excellent service, streamlining business processes, implementing innovative technologies, and proactively engaging customers are all cornerstones of this philosophy.



Consolidating services into a single location presents both opportunities and obstacles for improving the customer experience. In FY12 the HPC capitalized on certain economies of scale to dramatically improve the customer experience as it relates to payment processing. Implementation of the POS provided HPC tenants the opportunity to share costs. Customers save time and money by joining multiple fees into one convenient payment transaction. HPC staff processed 187,000 payments in FY12 with tremendous efficiency. However, the implementation of customer

facing credit card terminals presented unexpected obstacles and slightly impacted overall efficiency and customer convenience. The problems have been diagnosed and a permanent solution is on track for delivery in early FY13.

One of the most challenging aspects is effectively handling a larger and more diverse clientele. In FY12, over 300,000 customers came through HPC requesting services in 130 distinct categories. To maximize our ability to manage the customer's point of entry and routing, HPC fully implemented a customer interaction management system (Q-flow) in FY12. The system gives customers greater control over their own point of entry and allows them to customize their own service route. It simultaneously gives service providers the ability to keep customers organized into service categories and the flexibility to transfer customers between categories if needed. Managers can view the performance of individual agents and monitor wait times and service times for each service category.

During FY12 several functional improvements were delivered after the system's initial launch. The self-service kiosks were updated to include more descriptive, better organized service categories, which improved the customer's ability to select their point of entry. Check-in scanners were installed on each floor, which reduced the number of skipped customers. Displays were reconfigured so that the customer could see their position

in line. Training material was developed to boost each service agent’s ability to use the system, which led to a reduction in customer wait times.

The following table presents a partial picture of the customer volume served at HPC in FY12. The statistics represent activity during the entire fiscal year with the exception of November, whose data was lost during a system failure. Service agents and senior staff called over 206,000 customers and served over 197,000 of them during FY12. Overall, four percent of our customers did not respond to their service call. This could be attributable to a number of reasons including: confusion at the point of entry, uncertainty with the self check-in process, technical problems with the system, or a change of mind.

Figure 12. Customer Volume by Department, FY12

	Total Tickets¹	Served	Abandoned	% Abandoned
ARA	17,338	16,862	476	3%
HAS²	2,696	2,692	4	0.1%
Health	142	140	2	1%
HFD	6,933	6,836	97	1%
HPD	9,405	9,383	22	0.2%
PARD	2,576	2,571	5	0.2%
PDD	1,955	1,954	1	0%
PWE	165,088	157,044	8,044	5%
Total	206,133	197,482	8,651	4%

¹Numbers do not include tickets from November.

²Houston Airport System

Uncertainty is one of the most significant factors influencing the customer experience. The implementation of new technologies interlaced with existing systems and evolving business processes created opportunities and obstacles. Therefore, maintaining service predictability and continuity of operations was a focal point in FY12. The number of information technology support staff was increased to meet the rising demand. A contingency plan was developed to minimize service interruptions resulting from system errors or failures. The plan provides staff predefined procedures so they know how to continue delivering services during a variety of scenarios.

Overall, the customer experience at HPC improved during the course of FY12. Evidence of an upward trend in customer satisfaction levels was reflected in survey response data throughout the year. Although we are encouraged by the steady improvement, we are committed to taking additional steps in FY13 to foster a culture of continuous improvement.

SUSTAINABILITY

HPC typifies the sustainability vision Mayor Annise Parker has created for the City of Houston. In FY12 the Center undertook or continued multiple initiatives that were consistent with that vision.



The Center is home to the Green Building Resource Center (GBRC), which offers friendly interactive features and displays for sustainable building, remodeling and renovation solutions. Over 50 displays and a library of information provide additional resources for visitors interested in learning about strategies for sustainable building and green living. The GBRC plays host to over 200 visitors every month and began offering Saturday hours in FY12.

HPC also became the home of the U.S. Green Building Council's (USGBC) Gulf Coast chapter office in FY12. The USGBC's mission is to accelerate the initiation, development and implementation of market-based green building policies, program technologies, design practices, and operating procedures; to facilitate networking and communication among the green building community; and promoting the LEED Rating System.

During FY12, HPC hosted several sustainability focused events of note:

- DasHaus traveling pavilion
- Mayor's Green Office Challenge awards reception
- Road to Rio + 20 National Sustainability Road Show

We strive to practice what we preach about sustainability. In addition to hosting the GBRC, the USGBC, and sustainability related events, HPC is pursuing LEED certification and hopes to achieve a Gold rating. LEED certification is based on multiple factors; some of the key components of the HPC application are:

- Adaptive reuse of an existing structure
- Installation of a high efficiency HVAC system with raised floor delivery
- Installation of a motion activated lighting control system
- Installation of a partial vegetative roof with harvested water irrigation



- Use of recycled material in construction
- Consolidation of printing and copying
- Expansion of lower impact commuting options for employees
- Conversion of dormant land into a community garden

HPC's sustainability efforts have not ended here. The City recently received a federal grant to install solar photovoltaic and urban wind turbine technologies. The panels and turbines will be installed on HPC's roof and will be open for public viewing early in FY13.

Several organizations have recognized HPC in FY12 for our sustainability efforts and achievements, including:

- Keep Houston Beautiful (*Proud Partner Award*)
- Urban Land Institute (*Development of Distinction Honorable Mention*)
- Greater Houston Preservation Alliance (*Good Brick Award*)
- Starnet Flooring (*Environmental Achievement Award*)

FUTURE INITIATIVES

Several initiatives are in the works to improve the customer experience at HPC and will be implemented next fiscal year. As our focus is on continuous improvement, additional initiatives will certainly be developed in future fiscal years.



The HPC Advisory Board will be officially chartered and begin meeting quarterly early in FY13. The purpose of the Board is to identify and discuss customer issues, evaluate customer service goals, assess on-going operations for efficiency and effectiveness, and recommend changes to the Leadership Committee as needed. We are excited about the Board's role and look forward to working with the board members.

Changeable message signs will be installed by the elevators on each floor. The dynamic signs will allow us to provide targeted information to our customers about services available at HPC, code changes, special events, and more.

Q-flow will be upgraded and expanded. Upgrades will include the addition of an appointment scheduler and the addition of multi-lingual services. Customers will soon be able to select service options displayed

in Spanish. In addition to tickets being printed in Spanish, the system will make audible announcements in Spanish and automatically assign these tickets to bilingual staff. The system will be expanded to include wider staff access and additional check-in scanners.

By the end of FY13, we expect to launch a redesigned HPC website. Our aim is to make the new website an extension of our physical location, providing easy access to information on all of the City's permits, expanding the FAQ section, and increasing overall user friendliness.

Finally, HPC is collaborating with the Office of Business Opportunity and other City departments to create a new online wizard to assist business owners. The wizard will guide users to learn which permits they may need to start a business or complete a construction project. The first phase of the wizard will focus on the food service industry and is expected to be implemented in December 2012, with the remaining phases to be completed by the end of 2013.