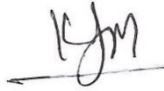




MEMORANDUM

TO: Mayor Edward J. Kennedy and Members of the City Council

FROM: Kevin J. Murphy, City Manager 

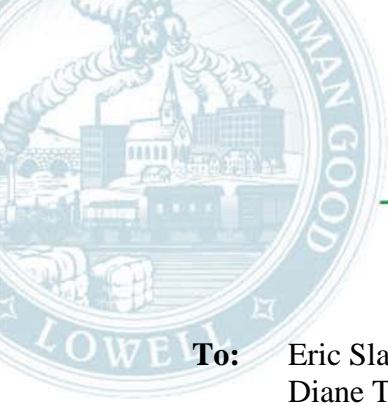
DATE: October 19, 2017

SUBJECT: LowellSTAT – Development Services

Dear Mayor and members of the City Council,

Attached please find information on a recent LowellSTAT meeting on Development Services. Included is a copy of the follow-up report which describes the meeting and its resulting action items.

Please let me know if you have further questions.



To: Eric Slagle, Director of Development Services
Diane Tradd, Director of Planning and Development
Mike McGovern, Assistant City Manager
Conor Baldwin, Chief Financial Officer
Rodney Conley, Deputy Chief Financial Officer
Christine O'Connor, City Solicitor
Miran Fernandez, Chief Information Officer
Mary Callery, Human Relations Director
Bob Healy, Financial Advisor
Heather Varney, Data Analyst

From: Kevin Murphy, City Manager

Date: October 2, 2017

RE: **LowellSTAT Follow-Up from 9/19/2017 Development Services Meeting**

The following is a summary and list of follow-up items from our Development Services Meeting on 9/19/17.

Trash Violations

The meeting began with trash violations as key employees were present to discuss the issue. R. Conley noted that there has been an issue with the number of calls and complaints regarding trash violations. K. Murphy stated that he has made it abundantly clear at a prior meeting that violators be issued one warning and then receive a fine for a second violation. He continued that three tickets issued within the last six months does not uphold the policy. E. Slagle commented that the data provided begins in April, so the data would include some properties prior to the meeting where it was decided that residents are issued one warning rather than two. G. Wellenstein passed out images for examples of trash violations such as an open lids and overflowing carts. He explained the process noting that at the end of the month, he reviews the warnings with the inspector either on site or at the SW&R office. They review the violation images, the inspector places the record into MUNIS, and the actual violation is issued. K. Murphy commented that there are constant violators in each neighborhood; he found it astonishing only three tickets have been issued. G. Wellenstein suggested adjusting the ordinance so that the vendor and city have the right to refuse a cart. C. O'Connor noted this could cause health and sanitary concerns for neighbors. R. Healy commented that it would impact the neighborhood negatively, having a photo as proof is enough; there is no need to leave the carts uncollected. G. Wellenstein also noted that the department now has a tablet which staff can use to document and enter data on the field. K. Murphy inquired to what other tasks the inspector in



charge of the fine issuance has included in his job description. A. McPhillips replied that he enters health violations as well, not just the trash violations. M. Fernandez noted that there is minimal effort to set up SW&R on issuing fines. H. Varney noted that only one of the fines from MUNIS is a repeat offender on list provided by SW&R. K. Murphy inquired to what portion of time Z. Hogan dedicates to the violations; G. Wellenstein replied approximately 1/3 of his time. He noted that there are only two employees in SW&R, as one grant funded employee has left. M. McGovern inquired if there were any residents that frequently are given warnings. Z. Hogan replied that for each large district, there are twenty to twenty-five addresses that are repeat offenders. He mentioned that there is enough data provided to start fining the repeat offenders. G. Wellenstein noted that some properties are multifamily; identifying which unit is responsible for the violations can be determined based on the cart number. G. Wellenstein also mentioned that as an industry standard, for 1,000 first offenses, there are generally 100 second offenses and 10 third offenses. K. Murphy inquired from where Development Services purchases tickets. E. Slagle replied that Sterling Printing is the vendor, and he will provide SW&R a template for a ticket. K. Murphy mentioned that some of the Councilors have made motions about the trash violation issues. He stated that when you live in the city, you see it happening more, perhaps because you pay more attention. K. Murphy compared trash to plowing in the winter, in that both are highly visible. He noted that if SW&R is more aggressive with the violations, he will give them the tools necessary including training and other resources. M. Callery asked if G. Wellenstein would send her the resignation letter of the employee leaving the city.

Follow-up: SW&R submit resignations to HR in a timely fashion and will keep the HR Director involved with personnel issues in the future.

Follow-up: HR will meet with the Finance Team to discuss funding for the grant position.

Follow-up: MIS will meet with SW&R to train employees on issuing fines in MUNIS.

Follow-up: DPW Commission and Deputy Director of Finance meet with the Manager's Office in regards to logistics of ongoing fines from SW&R.

Follow-Up Items

H. Varney briefly discussed the previous items regarding Development Services. Several of the follow-up tasks are ongoing and new data was provided later in the meeting including monitoring permit revenue, sick time usage, request tracker, final cost affidavit requirement as well as the rental unit inspection analysis. Development Services would update the receivership pilot program in coordination with the Attorney General.

Violations



21-D Inspectional Violations H. Varney noted that there has been a 150% increase in the fine revenues collected from 2016 to 2017. This was caused by the outstanding violations that are turned into liens on the properties. Since 2016, the liens are rolled into the real estate tax bills. E. Slagle noted that there is more activity in 2017 because historic liens were rolled into the tax bill and the inspectors have been more aggressive. He stated that the department expects an increase in revenue but not as drastic for future fiscal years.

Follow-up: *LowellSTAT will continue to monitor the Inspectional violations.*

Permit Revenues

H. Varney presented the permit revenue totals by Account for FY16-FY18 Budget. **Building permit revenues stand at 26% of the FY18 Budget.** Overall permit revenues were down by \$75,000 from FY16 to FY17. There was a significant decrease in building permits and rental units while wire and sheet metal permits increased. Development Services noted that there are several projects that have contributed to the revenue in FY17 including the Thorndike Exchange and Vision. The Department expects future projects from Connector Park and 1 E Merrimack St. in this year. For FY19, Development Services is anticipating filings for Jean D'Arc as well as Market Basket. E. Slagle commented on the general baseline projections for small projects as well as spikes in permit revenue. He noted that the change in the fee structure should increase revenues. As many of the fees are now associated with construction costs, the permit revenue will keep pace with the rising costs.

Follow-up: *LowellSTAT will continue to monitor permit revenues for Development Services*

Building Permit Revenue

H. Varney showed that there was a significant spike in building permit revenues for FY17 during December which is related to the Thorndike project. E. Slagle commented on the Vision project, stating that the permit was pulled in three phases which overall is approximately equivalent in size to the Thorndike Project.

Building Permits – New Construction

H. Varney stated that building permits issued for new construction have decreased from FY16 to FY17 with the exception of new residential addition and commercial new building. The overall decline could be associated with the rising cost of construction. R. Conley noted that this is the opposite of what LowellSTAT noticed a few years ago, when residents were pursuing new construction rather than renovating existing buildings. E. Slagle commented on the effect of Irma and other hurricanes on the cost of direct materials and labor. He believes that the number of contractors will drop as people assist with rebuilding the southern states impacted by Irma.



Building Permits – Residential v. Commercial

H. Varney showed the building permits by type, noting the increase in commercial maintain use permits. The increase has been in response to the inspectors' aggressive pursuit of commercial residents who are operating in violation of the permit. E. Slagle commented that the importance of the permit is not necessarily the revenue for the fees, but rather to enforce building codes that require owners to notify the city of any change in business. C. Baldwin inquired if there was a fee charged for this, and whether this was appropriate. E. Slagle replied that the actual application is more important. R. Healy commented that the expansion and change of business may impede zoning ordinances. E. Slagle noted that the fee is not extravagant.

Rental Unit Analysis

R. Conley discussed the 2013 rental unit analysis ordinance for non-owner occupied unit inspections. He noted that after the initial inspections, re-inspections dropped along with the revenue. E. Slagle stated that there were MUNIS issues with re-inspections, as the system did not notify the department once the permit expires. M. Fernandez agreed there is a triannual renewal issue that should be corrected by September 29, 2017. He stated that MIS is working with the inspectors to document inspections, enter violations in the system, and how to process the renewals as well.

E. Slagle confirmed the owners have been notified a number of times and can be issued another round of warnings. M. McGovern stated that as long as the owners are warned, the renewals should be issued. K. Murphy stated that it is important to perform the inspections, ensuring that all units have safe living conditions. He mentioned that when there was a fire on Branch Street, the inspection report was one of the first records that were referenced.

The presentation illustrates the number of inspections and re-inspections by month and calendar year. E. Slagle noted that the first round of inspections took place in 2016. Next year's inspection estimate is expected to be closer to the number of permits from 2015. The renewal problem occurred half way through 2016 and throughout 2017; which explains the lower inspection and re-inspection numbers.

Follow-up: *LowellSTAT will continue to monitor the rental unit inspections and revenues.*

Follow-up: *Development Services and MIS will work with MUNIS to correct the triannual renewal issue.*



Final Cost Affidavit

Development Services issued 44 final cost affidavits in 2017. The total additional fees were just under \$145,000. R. Conley noted that the gap between the estimated project cost and the final costs have narrowed since the process was instituted as projects are now being more accurately estimated. K. Murphy inquired to the project at 295 Varnum Ave, which had the highest additional fee in the sample. E. Slagle replied that this was the Lowell General project that was originally estimated at \$4 million and had changed to \$9 million.

Follow-up: *LowellSTAT will continue to monitor the final cost affidavit revenues.*

Receivership Program

H. Varney stated that the City is currently working with the Attorney General's Office on a pilot program that identifies a small geographical area to focus on bringing a relatively large number of properties into the receivership process. The selected area for the program is Centralville. The City is currently in the property identification and violation phase in which staff is verifying if the prepared lists of properties are in fact vacant. The initial listing and corresponding map were presented. E. Slagle stated that the tour of Centralville resulted in approximately 20 properties that appeared vacant. The Attorney General's Office is working on a full scale effort on vacant properties, the properties on the list need to meet the initial threshold. E. Slagle noted that this would eliminate any tenant occupied buildings, so even if the property appears bad it may not be considered. He continued that the Attorney General's Office indicates an 80% hit rate. E. Slagle explained the process noting that once properties are in receivership the City would send the list to the Attorney General. The properties that go into the receivership process will make a significant difference in the neighborhood.

DART Program

H. Varney discussed the DART Program, a collaborative effort between LPD and Inspectional Services to reduce drug activity at residential rental properties by focusing on improving property management practices. **135 code violations** were discovered, **resulting in 14 units being condemned**. Development Services issued fines totaling just under \$480,000. The department now has landlords reaching out to the City for assistance with drug activities. E. Slagle mentioned that one property on Appleton St. was issued 27 violations.



Follow-up: *LPD and Development Services will continue the DART Program pending Edward Byrne JAG Grant being awarded to the City. LPD will perform an in-depth evaluation of properties addressed in year-one of the program.*

Barber Shop Program

H. Varney displayed the barber shop locations that were inspected within the city. The Police Department worked with Development Services to systematically inspect a large number of barber shops in the city based on potential drug activity. **35% of the barber shops were closed temporarily**, while the owners brought the properties up to code. **Only 40% of the closed shops reopened after correcting code deficiencies.**

General Billing

H. Varney mentioned that Development Services has been working with the MIS Department for the past two years to begin taking transactional payments within the department. Revenue has been entered directly into MUNIS in the department through the Payment Entry module in MUNIS. During the past year, violations have been set up in General Billing module of MUNIS; this will streamline the collection process for violations. Ultimately residents will be sent invoices and statements for outstanding bills automatically through the accounting system. Most importantly, violations will be visible on municipal lien certificates that are run during real estate transactions and rolled into taxes if necessary. M. Fernandez noted that there was a problem with the fines showing up on MLCs before a prospective buyer purchases the property. A tax title attorney could have found the fines when they search the title, a lien would be noted for the property. C. O'Connor noted that the Municipal Hearings Officer can waive the ticket, but sometimes it still is moved to a tax lien. M. Fernandez noted that a spreadsheet can be set up so that the Hearings Officer would check the properties prior to the liens being assigned to properties. This development will also enable further analysis on individual 21-D violations in the future.

Follow-up: *MIS will assist Development Services and the Hearings Officer will create a spreadsheet that will be maintained to include a list of properties, violation fine description, and if the fine was waived.*

Request Tracker

R. Conley showed the information regarding the requests submitted through the website for 2016 and 2017. The numbers of requests have dropped drastically in two categories from 2016 when the City used E-Gov to the new website through the Request Tracker module. R. Conley noted that the employees may not be using the system in the same way as a work order system. E. Slagle noted that the clerks were handing the inspectors messages with the requests, resulting in



inefficient tracking of the requests. The majority of requests are in the categories of Minimum Standards, Sanitary Code, and Dumping/Disposal of Trash. Both Minimum Standards and Sanitary Code violations have dropped since the implementation of the new system by 83% and 88% respectively. The lag time in closing requests may be due to the switch to the new system. E. Slagle mentioned that the average days open is realistically closer to the averages for 2016 for the inspectors to actually complete the request. The problem is they were not going into the system to close them in a timely manner. R. Conley noted a concern that the employees were deleting the requests rather than closing them out correctly. **In 2016, 62% of dumping requests, 95% of the requests for minimum standards, and 99% of the sanitary code requests were submitted by employees.** Of the three, only 31% of requests are recorded with an employee name in 2017 for Minimum Standards. The data may be impacted if employees are only entering the citizens' information into the site when callers complain over the phone.

Follow-up: *LowellSTAT will continue to monitor the request tracker periodically to ensure the system is being used to manage work efficiently.*