

Summary of BRA Operational Review

This memo presents insights drawn from an operational review launched by the Mayor's Office and Boston Redevelopment Authority ("BRA") leadership of the Planning Department ("Planning") of the BRA, and the organization overall. The assessment included over 50 interviews with BRA employees, leaders of other Boston city agencies, community organizations, developers, and members of planning departments from cities throughout North America. It also included reviews of the BRA's processes, financials, and organizational health. For six weeks, leadership of the agency engaged to develop and refine the perspectives presented here.

The effort began with an organizational health survey of all BRA employees, about 70% of whom responded. While the survey found that Planning has one of the lowest organizational health scores, many other departments in the organization had similarly low scores, and it became apparent that several of the challenges facing Planning are faced agency-wide. Planning does not operate independent of other departments: its interaction with developers and citizens is linked with the Development Review department; its funding comes from revenue generated by Real Estate Management; and its employees are impacted by the policies of HR, Finance, and other departments in the Authority. Thus, while Planning remained a focus of this study, the team was asked to also review the BRA more broadly.

Based on early findings, the review focused on the following key themes: vision; organization and capabilities; management practices; asset management; processes; and transparency. This memo summarizes the findings and provides ideas on potential next steps for the BRA. The insights in this memo are not conclusions or recommendations but an exploration of potential ways to enhance the effectiveness, efficiency, organizational health, and transparency of the Boston Redevelopment Authority and its Planning Department.

OVERVIEW

The Boston Redevelopment Authority has driven planning and development in the City of Boston for almost 60 years. The BRA consists of two main legal entities: the BRA and the Economic Development Industrial Corporation (EDIC). References to the BRA in this memo refer to the combined joint entity. In addition to leading Boston's planning and facilitating the review of major development projects in the Article 80 process, the BRA owns and manages upwards of 500 properties, oversees a jobs and community services program, and shapes zoning code by making recommendations to the Boston Zoning Commission and the Zoning Board of Appeals.

The BRA employs ~240 people across 10 divisions, with 35 staff in the Planning Department. Revenues in FY14 totaled \$59 million, about half of it from lease income from real estate properties, and about 40% from grants and intergovernmental income to support the Jobs and Community Services programs and capital improvements. The BRA has about \$51 million in cash

on its balance sheet, with about \$18 million available for capital spending and other internal expenses without restrictions. This cash position has been strengthened by an operating surplus of roughly \$5 million per year in 2013 and 2014, but the BRA Finance Department expects this surplus to drop to less than \$1 million per year in 2015 and 2016 due to decreases in grant funding and intergovernmental transfers.

From 2010 through 2014, the BRA approved roughly 250 major development projects requiring Article 80 review, although only about 160, or 64%, include specific approval dates. The approval rate averages ~65%.

MISSION AND VISION

Every organization needs a clear definition of its purpose – its mission – and a path forward, or vision. The Boston Redevelopment Authority mission statement reads: *In partnership with communities, the BRA plans Boston's future while respecting its past. By guiding physical, social, and economic change in Boston's neighborhoods and its downtown, the BRA seeks to shape a more prosperous, sustainable, and beautiful city for all.*

This mission emphasizes the importance of planning – more so than the missions of planning agencies in several peer cities. But Boston today does less proactive planning than many of its North American peers, such as San Francisco, Philadelphia, Seattle and Vancouver, or leading global cities, including Singapore, Hong Kong, London and Berlin¹. Nearly all have a complete set of neighborhood plans, whereas Boston has plans only for select areas. Similarly, most large cities engage in comprehensive citywide planning or, at a minimum, set out a strategic planning vision and goals. For example, San Francisco, Seattle, and Singapore engage in detailed, comprehensive master planning that lasts over several years, while other cities like London engage in strategic high-level master planning in combination with detailed neighborhood plans.

While Boston has long-term plans for select important aspects of its future, such as transportation (“Go Boston 2030”), environment (“Greenovate”), and housing (“Housing a Changing City: Boston 2030”), it does not have a longer-term, strategic master plan that ties all of these elements together. Many stakeholders within and outside the BRA noted that Boston has not conducted citywide planning in many decades, and most expressed a desire for Boston to do more proactive planning and invest in a longer-term, citywide planning effort.

The lack of a clear vision for the BRA was raised repeatedly in interviews and the BRA staff survey. About 70% of respondents said they did not believe the organization had a clear vision, and wanted greater direction. To align the organization’s stakeholders and goals, the BRA’s leadership

¹ Source: Review of peer city websites, interviews with planning directors

could consider clarifying the vision over the next two or three months – potentially orienting it more toward proactive planning while continuing to support current development.

The BRA currently pursues multiple missions, some of which are not clearly related to others. Stakeholders noted that this can be a challenge. The BRA performs activities related to planning, development, zoning, research, jobs and community service, and real estate management, for example. It performs only a portion of the city's planning activities, however, and manages only a portion of the city's real estate portfolio. It does not drive strategic economic development or facilitate zoning review, permitting, or inspections. Internal and external stakeholders broadly agree that the BRA's core mission is, and should remain, to do proactive, longer-term planning and support and facilitate development projects.

If the BRA wants to tighten its focus, it could consider relocating some activities outside the organization. For example, JCS (Jobs& Community Services) might have a better mission fit with Economic Development, and in the longer term, a citywide Facilities Management group might more effectively manage all city properties, including those owned by the BRA, DND (Department of Neighborhood Development), and Public Works. This could help the BRA have a more focused vision as well as potentially allow for more efficient use of resources city-wide.

ORGANIZATION AND CAPABILITIES

The survey showed that the BRA has poor organizational health, both in the Planning Department and across the agency as a whole. Three factors in particular are driving these low scores:

- Coordination and control are perceived to be poor, with limited performance monitoring and risk assessment, and failures to address some problems promptly
- Culture and climate are considered to be hierarchical, siloed, and not transparent, and employees feel a lack of empowerment
- Accountability is reported to be low, with people not knowing what is expected of them or who is responsible for what.

Many respondents acknowledged that much progress has been made over the past year in the way the organization operates, and they believe the BRA is headed in the right direction. But they also believe significant work remains to be done to get fundamentals in place, and they would like to see faster improvement.

The BRA's organizational structure is unique in several ways among its peer cities in North America. Like Boston, peer cities in North America² conduct planning and development review within a single organization, but most have dedicated, standalone planning organizations that

² San Francisco, Seattle, Philadelphia, and Vancouver

provide fully integrated customer experiences by handling planning, development services, permitting and inspection. Boston, in contrast, breaks up the customer experience across BRA, the ZBA (Zoning Board of Appeals), and ISD (Inspectional Services Department). None of the peer cities analyzed includes real estate management as part of its planning organization. Boston is unique in that the BRA is a self-funded entity with revenues coming primarily from rents and leases; other city planning agencies are funded through a combination of city budget and development fees.

Given the complexity of the planning process, cities typically draw on internal and external expertise. Most city planning agencies have dedicated master planning staff and collaborate with other city departments and external consultants to build robust and comprehensive master plan documents. Similarly, the BRA collaborates with several other city organizations, including DND and Boston Transportation Department.

Across the BRA and other city agencies, Boston employs 45-55 people who focus on or contribute to planning, including 32 within the BRA. This is a smaller number than San Francisco, Seattle, and Vancouver, which each have 60-110 people in those roles³.

Stakeholders believe that the BRA's planners are highly competent, and that the BRA uses its resources effectively overall. If the BRA were to choose to undertake a 12- to 18-month master planning process and develop plans for roughly ten strategic planning areas over the next three years, the BRA would likely need to increase staff for these types of planning projects by five or six new planners and an additional urban designer, and better utilize pockets of existing planning resources. The BRA may also need external subject-matter expertise in financial studies, market forecasting and economic analysis, traffic studies, storm water resilience and wind impact. Most planning organizations are structured around three to five divisions, including a dedicated master planning group⁴. Boston could consider establishing its own master planning group within its planning division, while maintaining its existing community planning and infrastructure and environmental planning groups.

Beyond the Planning Department, the BRA has several organizational opportunities it may consider. One is to optimize the Director's span of control. While directors of similar agencies in peer cities typically have 6-7 direct reports (or fewer), the Director currently has 13. The BRA could add a Director of Performance Management or Director of Operations role to oversee support functions such as HR and MIS, enhancing the focus on these departments' strategic objectives, such as developing a clear performance management plan in HR. Real estate management, which now lies within the Facilities and Engineering division, could be elevated to report to the Director to help maximize the value of BRA's assets.

³ Review of department org charts, interviews with planning directors

⁴ Review of San Francisco, Seattle, Philadelphia, and Vancouver planning department org structures

MANAGEMENT AND GOVERNANCE

Across both the Planning Department and the BRA more broadly, the survey conducted during this effort highlighted personnel management processes are either absent or poorly executed. Employees in Planning describe the culture as hierarchical and say they do not feel empowered. A \$300 software purchase, for example, was said to require approval from the Director of Planning. Employees say they receive no coaching or feedback and receive minimal communication from leadership. And since stakeholder perception is that two people in the Planning Department drive all planning and design decisions, many external stakeholders see the development review process as getting these individuals, rather than a broader group of planners, on board with their plans.

Performance across the other divisions of the BRA is similar. While some departments report having collaborative and concerned leadership, communication, feedback, coaching, and empowerment are weak across the agency. Finance and Engineering/Facilities Management employees have the lowest sense of empowerment. Many say communication from the Director's Office is limited or sporadic and that they have no formal feedback mechanisms. Although the BRA began year-end performance reviews in 2014, many employees say the process was poorly executed. The BRA could take a comprehensive look at its management policies over the next three to six months, particularly as a new HR Director takes the helm, to define solutions to these broad challenges.

Interviews show that few metrics are used to guide performance management at the BRA, either at a holistic level or within the divisions. Stakeholder perception is that the Director and division leaders do not review tangible measures of performance at staff meetings, and cannot easily communicate the operational or financial performance, such as project approvals or revenue year to date. Leaders might find it useful to have a management scorecard of key metrics, activities, and decisions needed by department. As it enters the master planning process, Boston should also consider what specific metrics it should track and publicize to assess success against its plan, such as the number of affordable housing units created or the proportion of bike-friendly roads.

The BRA's Finance Department can play a pivotal role in improving transparency and strengthening governance. The research revealed several gaps between the BRA's financial processes and capabilities and what is typically expected from a finance department. The BRA has no departmental budgets, for example. Forward-looking projections are limited to a year, and they do not reveal all of the logic behind the projections. Since the group conducts no annual strategic planning or budgeting, it does not explicitly identify the organization's priorities for the year, which could help illuminate funding needs. Vital data, including balance sheets and employee lists, are not consistently up to date. Pulling accurate balance sheet detail – balances by account – took more than a week to complete. Audited financials have not been publicly posted since 2012. In short, the BRA could significantly improve its financial processes, capabilities and tools.

A key management challenge identified in this review stems from the use of two different compensation and benefit structures. About a third of agency employees are part of the BRA legal entity, which pays a traditional public-sector pension and health care benefits upon retirement. Two-thirds of employees are part of the EDIC (Economic Development Industrial Corporation) legal entity and participate in a defined-contribution retirement plan and health savings account, with no retirement health plan. Employees of both entities work together within the different divisions, including recent hires. This creates a sense of resentment, particularly heard in feedback from EDIC employees, and perpetuates the notion of “EDIC vs. BRA” rather than a sense that all employees are part of one BRA team. The BRA could consider providing all hires from this point onward with a single, unified compensation and benefits package. At a minimum, it could clarify how employees are brought into each benefit system.

ASSET MANAGEMENT

The BRA gets most of its revenue from leasing (and occasionally selling) its real estate assets. Increasing lease revenue could support an expanded planning mission. Longer term, Boston could consider funding its general budget with real estate earnings, as the city does with ISD permitting fees. Planning and development functions, in turn, could receive annual budget allocations for their activities.

Real estate opportunity development and lease negotiations are now handled by a very lean team of only two employees within the Facilities and Engineering division. Real estate management could be elevated in the organization, reporting to the Director and pursuing ways to maximize the utilization of the BRA’s asset portfolio, perhaps including broader national and international marketing. One way that BRA and City leadership could more fully utilize real estate assets would be to commit to supporting the real estate team with a clear process and timeline for responding to property opportunities.

The BRA does not currently have a comprehensive, accurate list of its real estate assets. It maintains a list of all the land it owns in a database called BOLD, which is accessible to the general public through the BRA web page. But this database has not been updated recently, with staff acknowledging that several listings are inaccurate. For example, one parcel is listed at 1.9 million square feet, or seven square miles – 15% the total land area of Boston, which staff said could not be accurate. Similarly, BRA does not maintain a central database of all its current lease agreements or track lease expirations or re-negotiation triggers in real time. While lease documents are now digitized and centralized, the agency is just now putting in place a real estate and lease management tool, Yardi, which according to BRA Finance Dept is expected to be fully functional by summer 2015.

Best estimates from analysis of the BRA’s property data suggest the BRA owns 16-18 million square feet of land and building area, including about 10-12 million square feet that are undeveloped and available for sale, lease, or disposal. These consist of about 500 parcels, of

which roughly 100 are more than 20,000 square feet each. About 5 million square feet are leased through about 50 leases, more than half of them through 2048. About a million square feet are available for lease in both developed and undeveloped properties, primarily consisting of the China Trade Building and several Boston Marine Industrial Park parcels. Leasing the available properties in China Trade at market prices of \$30-40 per square foot per year for commercial use could yield gross revenue of \$3-4 million (“triple net lease” revenue would be lower). Similarly, executing land leases on the available BMIP (Boston Marine Industrial Park) properties at \$3-4 per square foot could yield an additional \$3-4 million per year; several such opportunities are being developed. In total, these lease opportunities could potentially increase BRA revenue by \$6-8 million. Of the undeveloped available property outside of the BMIP, about 30 parcels larger than 100,000 square feet could represent additional potential lease or sale income.

The BRA might consider charging development review fees that are proportional to the size and complexity of each project, as San Francisco and other cities do. Such fees would tie directly to the services provided and vary in proportion to state of development in the City. Today, the sources and uses of funds in the BRA funding model are unrelated.

PROCESSES AND SYSTEMS

Many internal processes are not codified or standardized. For example, the department has no guidelines for the Article 80 Design Review process outlining what elements of design are acceptable or what to expect in terms of timing. Likewise, Project Managers have no common procedure for conducting Article 80 development reviews. As a result, neighborhood planners are included in discussions with some developers but not with others. Some projects are entered into the Pipeline tracking tool while others are not, or are partially entered. Some Project Managers store everything electronically, while others use binders and printed materials exclusively. The BRA relies heavily on institutional knowledge and “unwritten rules,” limiting its ability to be transparent and manage risk.

Developers and community organizations alike think the Article 80 development review process works reasonably well today. Projects tracked in Pipeline over the past five years show fewer than four months are needed, on average, to progress a project from Letter of Intent submission to Board approval. Developers and community groups are generally pleased with the degree and nature of the community process, although some believe the BRA needs to seek a more diverse base of participants for future IAGs (Impact Advisory Group) and take a more “city-first” rather than neighborhood-centric view, to better represent the broader views of the citizens of Boston. Established developers acknowledge that the current Article 80 process provides some barriers to entry for other developers. But Boston could benefit from a clearer and more efficient development review process, potentially opening the city to a larger number of developers. The City could continue its efforts to de-restrict uses in the zoning code and update the code to reflect all planning done to enable more as-of-right development.

The main pain point identified by both developers and community organizations is the design review process, which they say is unpredictable and long. A sample of design review on four projects shows that, on average, projects receive about 30 hours of actual design review time over 8-20 months and 4-20 meetings. Some of this timeline depends on the developer and how long he or she takes to edit the design to incorporate design review feedback. Projects are often expedited through the rest of the Article 80 process, including Board Approval, but are then sold or otherwise modified, extending the design review timeline.

Several changes could speed the process and make it more predictable. One best practice would be to issue clearer “Do” and “Don’t” design guidelines to provide guidance for developers, similar to what the BRA recently issued for ZBA small project design review. The BRA could require that developers submit project materials prior to a meeting rather than forcing Designers to review and provide guidance on designs only in real time during a meeting. Having more time to develop perspectives and outline questions and requests prior to a meeting could help design review staff make better use of meeting time and likely reduce the need for follow-up meetings. Off-line reviews (e.g., reviews conducted by BRA but not in-person with developers) might be even better, since they would not be constrained by scheduling challenges.

Design review performance is not tracked today. The BRA could track some simple metrics, such as the number of open reviews, months open, outstanding items and next steps, and provide a brief report to the Board at each month’s meeting to increase transparency on workflow. The BRA could also commit to maximum design review window (for example, six months) for developers who adhere to requirements such as pre-submitting materials for meetings and incorporating changes in one month or less.

New or improved systems are needed to track and maintain data on Article 80 project reviews, including design review. The Microsoft Access tool in use today does not capture data related to design review, and staff do not consider it user-friendly.

Two additional process opportunities emerged in the review. Several stakeholders pointed out that without proper execution tools, planning serves little purpose. They suggested the zoning code in particular could be updated to match 2015 city objectives and reflect changes developed as part of the master planning process. The agency also could make it a core value to adhere to the processes that are in place. Several employees have noted that while procedures are often in place for certain processes, such as a lease negotiation, they are not always followed, and decisions are not always made in a timely fashion.

TRANSPARENCY

The Boston Redevelopment Authority has become significantly more transparent over the last two years. It has revamped its website to provide broad (if not always up-to-date) information regarding the development projects and land it manages. It has closed a gap allowing some parcels to be disposed of without a public process, issued design review guidelines for small

residential and commercial projects, and has stated that it has become more responsive to inquiries from the press. Nevertheless, the agency could be even more transparent – internally and externally. Only 18% of staff today feel that results are internally transparent.

In successful organizations, transparency starts at the top, is lived as a core value, and is demonstrated daily by the leadership team. Only 43% of employees today believe senior staff encourage honesty, transparency, and candid, open dialogue. The BRA could benefit from adopting transparency practices from organizations that are recognized as excelling in this area.

External transparency could also be improved in several ways. For instance, the agency could commit to exceeding the transparency standards that apply to all City of Boston departments and leading the way for others. Instead of the minimal and dated public financial reporting it provides today, the BRA could post on its website an annual report with audited financials each year; a detailed operating budget; complete, up-to-date vendor payments via Boston Checkbook Explorer; and employee salary data. It could provide more detail about its development projects, including a summary of notes from public meetings and comments received. The BRA could also streamline and automate the use of an online forum for discussion of each project, which today needs to be activated by Project Managers. The BRA could also share much more data with the public, including:

- Article 80 review statistics, such as the number of projects reviewed, share of projects approved, time to completion, share requiring more than six months, number of comments and letters received per project, and number of community discussions held per project
- Design review statistics, such as the number of Article 80 design reviews, average time to completion, the share requiring more than six months, and average number of meetings per project
- Planning projects, such as number of projects underway and number of community discussions held, and
- The real estate portfolio, including the largest available properties.

POTENTIAL NEXT STEPS

To address some of these findings and drive positive change in the agency – both in the Planning Department and more broadly – BRA leadership could consider some of the following next steps to help develop a detailed action plan to implement the ones it selects:

1. **Sharpen the focus** by moving activities not core to the mission out of the BRA. It could move JCS to Economic Development, for example, and consider creating a new centralized citywide Facilities and Engineering shared services group over the longer term.
2. **Rebalance focus from development toward proactive planning by:**
 - Establishing a new sub-function dedicated to master planning

- Adding five or six people and budgeting for technical services to drive the master planning process and increase strategic area and neighborhood planning
 - Potentially splitting Planning and design, and adding one designer
 - Making zoning less restrictive and comprehensively updating it to reflect planning.
3. **Elevate real estate management in the organization** and put the right talent, processes and execution in place, such as clearer performance objectives and decision-making protocol. Consider new approaches to using vacant space, such as conducting a “Landathon” for select parcels.
 4. **Professionalize management of the organization** by:
 - Introducing metrics-driven management, such as a bi-weekly management dashboard
 - Improving people management by introducing 360° feedback, clarifying the performance review process and tying reviews to expectations about career trajectories, and establishing clear and consistent practices around compensation and benefits
 - Changing organizational structure to narrow Director’s span of control, such as adding a Director of Performance or Director of Operations role
 - Strengthening financial processes and management by introducing budgeting and establishing new processes and systems.
 5. **Streamline design review and Article 80 review processes** by publishing clear public guidelines, establishing concrete time commitments if certain conditions are met (e.g., six months for Article 80, five days for ZBA), evaluating opportunities to reduce bottlenecks in internal legal processes, and creating and using a more comprehensive tracking and management system.
 6. **Make the agency one of the most transparent of City entities** by publishing an annual report with audited financial statements; providing a comprehensive and easily searchable pipeline and lease details on the website; sharing the check register in real time on Boston’s Open Checkbook; introducing a forum for comments on each page; and supporting open communication about successes.
 7. **Build a culture of openness, collaboration and teamwork** with senior leadership role-modeling, “Director’s breakfasts,” increasing personnel collocation, and redesigning the office with a more open and collaborative layout.

CONCLUSION

The BRA is improving the way it operates, but further improvements would need to be made to its Planning Department and the agency more broadly to enable it to become a healthy, well-functioning organization that provides the world-class planning and development services for the citizens of Boston.

This change must start from the top with a clear vision, a greater focus on planning and the launch of a master planning initiative. Success will require the leadership team to be talented, open, and transparent - and to be organized to help people focus on what matters most and make better decisions.

The Planning Department and many others, including HR and Finance, could implement “management basics” and make this a core part of their objectives over the next six months. They could improve Article 80 processes, design reviews in particular.

Longer term, the City could consider bolder ideas, including moving all real estate management to a centralized, citywide shared services organization; redefining the BRA as a planning and development-focused agency; and operating it more like a City agency, with a budget commensurate with the degree of planning and development services it aims to provide.