



TO: Mayor and Councilmembers

FROM: Kathleen Salguero Tropa, Deputy City Manager

SUBJECT: Organizational Assessment of the Public Works Department by Baker Tilly Virchow Krause, LLP

RECOMMENDATION:

Receive an organizational assessment of the Public Works Department conducted by Baker Tilly Virchow Krause, LLP.

BACKGROUND:

On July 21, 2015 the City Council awarded a professional services agreement to Baker Tilly Virchow Krause, LLP (Baker Tilly), in an amount not to exceed \$66,000, to conduct an organizational assessment and operational evaluation of the Public Works Department. The report is now complete and attached for Council consideration and discussion.

DISCUSSION:

Baker Tilly was retained to review the Public Works Department from both an organizational and operational perspective to assess organizational structure and staffing levels, as well as work flow processes, including the cost effectiveness of outsourcing services and any gaps in service delivery. The assigned scope of work was broad and the goal was to objectively identify department strengths and opportunities for improvement.

To conduct its evaluation, the consultants reviewed numerous documents related to the Department, including the City budget and financial statements, various needs assessments and studies, annual reports, a variety of consulting and maintenance agreements, as well as other documents. In addition, a team of three consultants interviewed numerous staff over the course of three days to better understand department operations and staff concerns. All available department employees as well as the Directors of Planning and Environmental Services, Neighborhood Services and Public Safety and Finance were interviewed, in addition to the City Manager. The final report has been reviewed by staff and will be presented by the consultants for Council discussion.

The report focuses on several key areas related to the delivery of streets and parks maintenance services, Capital Improvement projects, procurement and contracting, best and highest use of employee skills and competencies; the use of information technology to support service delivery and the development and use of performance metrics.

Baker Tilly documented a number of findings and offers recommendations related to four broad categories: organizational structure and personnel resources, information technology needs and uses, contracting framework and strategy, and alignment with industry best practices. An implementation timeline of short-term (less than six months), mid-term (six to twelve months) and long-term (more than twelve months) is suggested for each finding and recommendation. A level of risk if no action is taken was also assigned (low, medium, and high) reflecting potential impacts if no action is taken to address the finding.

Overall the consultants noted no process inefficiencies or unnecessary overlap of functions. Rather, overarching findings related to insufficient department staffing and inadequate technology resources. To determine appropriate staffing levels, the consultants compared Goleta staff to ten different benchmark cities of comparable size, many of which are coastal and / or primarily contract cities. The consultants also compared work load benchmarks to the degree possible, comparing for example staff size to miles of roads maintained and the value of capital improvement work programmed.

As a result of the evaluation, Baker Tilly recommends not only that current vacant positions be filled as quickly as possible (there are currently four vacancies in the department) but also that the department add two Maintenance Worker II positions and an additional administrative position as a first step to increasing support and distributing work load. The addition of more experienced maintenance workers will provide for more effective delivery of maintenance services at less cost than some contract services, will increase worker safety by fielding appropriate crew sizes for the work that is retained in-house, and allow for better oversight of outsourced work by more experienced staff. Additional staff will also allow for more after hours emergency response capacity than the current four positions can effectively provide on a regular basis.

The additional administrative position is in response to the amount of administrative work associated with managing a high volume of contracted services, particularly in the area of professional services in light of the Department's extensive Capital Improvement Program project list. Because of limited administrative staff resources, the professional engineering team devotes an inordinate amount of time performing administrative functions associated with procuring and managing contracts, which could be accomplished by administrative staff, freeing up valuable time for the engineers to focus on project management.

Related to technology resources, Baker Tilly noted that technology applications were either limited or non-existent to track staff time, manage projects more efficiently, do

minor design changes, and track work orders and resource allocations. The City's financial management software as well as the permit software program Planning and Environmental Services has been working toward implementing for several years were identified as key areas to improve efficiencies and documentation in general as well as coordination between Planning and Engineering functions. The consultants also noted that additional licensing and training would be beneficial for Computer Aided Design (CAD), Geographic Information Systems (GIS) and the standard Microsoft Office products to leverage existing software functionality.

Baker Tilly also evaluated the extent to which maintenance services are contracted out, and noted that a more formal framework for determining what to contract versus retaining in-house should be developed. They also identified a need to better train staff on how to scope contracted work and control service delivery.

As a result of the Baker Tilly recommendations, staff has incorporated into the mid-year budget review the addition of both maintenance workers and the administrative position. This recommendation is discussed in the mid-year budget report, which will be presented during the regular Council meeting of February 16, 2016. The findings related to technology will be evaluated, and staff will likely bring forward additional recommendations as part of updating the FY 16-17 budget.

FISCAL IMPACTS:

The FY 2015-16 budget includes an allocation of \$60,000 in Account No. 101-5-1200-500 for this project. The total contract amount of \$66,000, including approximately \$6,800 in contingency, has a remaining balance of \$30,000 available to pay final invoices and close out the contract. The contingency can be absorbed within the operating budget of the City Manager's Department; therefore, no further allocation is needed at this time.

The cost associated with implementing the report recommendations will be determined when such recommendations are brought forward for implementation. The cost associated with adding the three recommended staff positions total \$199,690 per year including benefits. Included in the mid-year agenda report is an appropriation request for approximately \$50,000, which represents three months of salary and benefits for the three positions, allowing for recruitment time.

ALTERNATIVES:

The City Council could request that the consultant undertake further review and analysis, which would require a cost estimate by the consultant and an additional allocation to fund.

Legal Review By:



Tim W. Giles
City Attorney

Approved By:



Michelle Greene
City Manager

Attachment 1

Operational and Organizational Assessment of the Public Works Department

City of Goleta, California

January 28, 2016

City of Goleta – Operational and Organizational Assessment of the Public Works Department

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Executive Summary

The City of Goleta (the City) is a unique Californian community located in Santa Barbara County. The City has a population of approximately 29,903 and a total FY 2015/2016 general fund expenditure budget of \$22.3 million. The City's primary source of revenue is through various taxes and 2015/2016 budgeted general fund revenues are approximately \$23.5 million.¹ The City incorporated in 2002 and has a revenue neutrality agreement with Santa Barbara County. Goleta has a Council-Manager form of government.

The Public Works Department (the Department) manages a sizeable amount of CIP projects while also addressing the impacts of increased development within the City. The City relies substantially on contractors to provide services to its citizens. The use of contract services is especially prevalent in the Department. Historically, the City has not had a formal framework for making contracting decisions or adjusting staffing levels within the Department. The City has recently recognized the need to assess the resources dedicated to delivering public works functions both from a personnel and technology standpoint. Additionally, the City would like to determine if the Department has the appropriately contracted services to external service providers. By conducting this study, the City has reaffirmed its commitment to providing the highest level of service at the best value to its citizens.

Baker Tilly Virchow Krause, LLP (Baker Tilly) was engaged by the City to review the current Department structure and operations, explore models and approaches to delivering Public Works services and identify gaps in the current delivery of services. We commend City leadership for taking this opportunity to assess and improve the public works function.

This assessment highlights recommended changes for both the Department and the City to align public works functions with industry best practices, assure that contracting decisions are made strategically, and determine if resources are appropriately allocated based on workload. The review focuses on the following areas relative to public works and general City operations:

- > Delivery of streets and parks maintenance services
- > Procurement and contracting
- > Best and highest use of employee skills and competencies
- > Use of information technology to support service delivery
- > Development and use of performance metrics

In general, we found that the Department's biggest challenges are a lack of personnel and technology resources. We did not have any findings related to process inefficiencies or unnecessary overlap of functions. This indicates that the Department has focused on performing public works functions as efficiently as possible given the lack of resources. This report contains 21 primary findings and recommendations.

Our recommendations represent a high level of change for the City. We recommend that the City phase the implementation of these recommendations and have suggested a time frame of short-term, mid-term or long-term for each of our recommendations. This report contains 8 short-term recommendations, 8 mid-term recommendations and 5 long-term recommendations. Short-term recommendations are those that could be completed within six months. Mid-term are those that require additional effort and could be completed within six to 12 months; and long-term

¹ City of Goleta. "Memo: City of Goleta Operating Budget and Capital Improvement Program Budget for Fiscal Years 2015/2016 and 2016/2017". June 9, 2015.

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recommendations would be completed after twelve months, assuming these priorities are approved and sufficient resources are allocated to complete them on the suggested schedule.

Our recommendations fall into the following broad categories:

- > Public Works organizational structure and personnel resources – major recommendations include the addition of two FTE in the Public Works maintenance division, one administrative FTE and filling all vacant budgeted engineering positions as quickly as possible and reassessing staff needs after new staff are on board. Job duties should also be assigned with new staff to ensure that staff are devoting the majority of time to their areas of responsibility;
- > Information technology needs and uses – recommendations focus on the development of an IT Governance framework, investment in crucial technology to support Public Works operations and expediting the implementation of the permit management software;
- > Contracting framework and strategy – these recommendations discuss an increased need for evaluating whether services should be contracted out or performed in-house as well as qualitative and quantitative methodology for performing this analysis;
- > Alignment with industry best practices – recommendations focus on a variety of best practices including succession planning, development of standard operating procedures, enhanced contracting processes and safety procedures, among others; and
- > Performance measurement – this recommendation provides guidance to supplement the performance measurement program already underway at the City.

Recognizing that there are still issues to be addressed, we did find several recent improvements related to public works at the City. These have been summarized below:

- > The City has recently begun a performance management program and each department has performance measures it will begin using to monitor performance.
- > The Department applies for a large amount of grants and is awarded a large amount of grant money each year. This has been key to funding City projects.
- > A recreation needs assessment was completed which provides the City and Department with a roadmap for future recreation and facility demands.

We would like to thank the City for their participation throughout this process and look forward to the opportunity to work with the City in the future. If you have any questions regarding this report, the discussions we facilitated, or future improvement approaches, please do not hesitate to contact us at the following:

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Project Scope and Methodology

In September 2015, the City engaged Baker Tilly to provide an operational and organizational assessment of the Public Works Department, which includes administration, engineering, CIP, street maintenance, parks and open space maintenance, public works inspections and solid waste and environmental services. Additionally, some City-wide functions were reviewed because of their impact on or relevance to public works. These additional functional areas include: purchasing, information technology and planning. Below we list the various functional activities included in this review as determined in conjunction with the City.

Public Works Functions

- > Administration
- > CIP
- > Engineering
- > Parks and open space maintenance
- > Public works inspections
- > Solid waste and environmental services
- > Street maintenance

Additional Functional Areas

- > Planning
- > Purchasing
- > Information Technology

As part of this study we requested and reviewed a considerable amount of data from the City. The following serves as a summary of the data reviewed:

- > Current contracts
- > FY 2013/14 and 2014/15 revenue and expenditure data
- > Operational and workload statistics
- > Documented policies and procedures
- > FY 2013/14 and 2014/15 personnel data related to salary paid, benefits paid, leave time taken (vacation, sick leave, etc.)
- > Sample forms and documents used in relevant business processes

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The data received was used to facilitate initial interviews with staff. In general, the interviews focused on the areas outlined in the table below. Not every subject was covered in each interview.

Functional Area and Position Review	<ul style="list-style-type: none"> > What are the primary functions of each position? > What other functions/services that this division/department relies on heavily are provided by others in the department or City? > Which services are provided through contractors? Why?
Operating Statistics	<ul style="list-style-type: none"> > How are operating statistics reported? (i.e., what does each statistic represent) > Trends in service levels/customers > Trends in costs/revenues
Service/Program Performance	<ul style="list-style-type: none"> > What are current key performance indicators? > Typical cycles > Key regulations/requirements > How are performance indicators tracked/who reviews/how frequently? > Service quality assessment – how/by whom/how frequently? > Contractor reporting
Operations Management	<ul style="list-style-type: none"> > Accountability systems (e.g., work order, scheduling, etc.) > Organizational hierarchy > Key policies/procedural oversight parameters > Contract oversight framework – how do you ensure best value for contract life? > Potential improvements > Future plans/current initiatives

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We relied on our public sector experience and also industry associations and research institutions for background information for this report, including:

- > The American Public Works Association (APWA)
- > The Institute of Internal Auditors (IIA)
- > The Government Finance Officers' Association (GFOA)
- > The International City/County Management Association (ICMA)
- > The Association of Civil Engineers
- > The National Recreation and Parks Association (NRPA)
- > The Bureau of Labor Statistics (BLS)

In addition to relying on the industry associations noted above, we conducted a benchmarking review of similar California cities. The ten cities selected for the benchmarking review ranged in population from 20,000 to 40,000 people and offered similar services to their citizens. Refer to [Table 2](#) on page 13 for additional points of comparison including population growth, land size, miles of road, and more.

The California cities reviewed included the following (population per 2010 Census noted in parenthesis):

- > Agoura Hills (20,330)
- > Calabasas (23,058)
- > Dana Point (33,351)
- > Laguna Beach (22,723)
- > Manhattan Beach (35,135)
- > Monterey (27,810)
- > Moorpark (34,421)
- > San Juan Capistrano (34,593)
- > Seal Beach (24,168)
- > Seaside (33,025)

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Participation by City personnel throughout the project has been high and the engagement team is confident that all City employees involved with this project had an opportunity to offer insight either through a focus group interview, a one-on-one interview or by informally reaching out to one of our project team members. Throughout the interview sessions Baker Tilly identified several themes that were repeated in multiple sessions by City employees from a diverse range of functional areas. In conjunction with our review of documentation provided by the City, the themes elucidated during the focus groups comprise our findings and inform our recommendations.

This report begins with a review of availability of Department staff to determine if current staff are fully utilized. This analysis is followed by the findings and recommendations which are broken out into four broad categories: organizational structure, information technology, contracting and best practice alignment. The final section of the report discusses performance measurements and includes recommendations for improving the City's performance measurement program.

Findings and Recommendations

This section of the report presents our findings and recommendations based on analysis of the data submitted for this project, our interviews with City employees and a comparison to industry best practices. The recommendations are grouped into the following broad categories:

- > Public Works organizational structure and personnel resources
- > Information technology needs and uses
- > Contracting framework and strategy
- > Alignment with industry best practices

Each section begins with an overview of our findings, followed by recommendations to address those findings, supporting information, an implementation time frame, and a risk to the City if the recommendation is not implemented. A summary table of these findings and recommendations can be found in Appendix A.

Each recommendation is assigned a risk level if not implemented. We define these categories of risk broadly below and provide additional detail within each recommendation.

- > **HIGH** – If these recommendations are not implemented it puts the City at significant risk of not being able to deliver services efficiently, have sufficient oversight of contracts or utilize staff effectively.
- > **MEDIUM** – While there is no immediate risk to the City if these recommendations are not implemented, failure to implement may have long-term impacts which affect the City's efficient and effective delivery of services as well as employee morale.
- > **LOW** – While still important to consider, these recommendations will have minimal short-term and long-term impact on City operations and more effort should be focused on implementing high and medium risk recommendations.

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Organizational Structure and Personnel Support

The Public Works Department plays a key role in delivering critical services to the citizens of Goleta. Additionally, many of the services provided by the Department, such as parks maintenance, streets maintenance and infrastructure improvements, are “high-touch” areas, meaning that the citizens of Goleta come into contact with these services every day. The foundation of being able to provide these services in a timely manner and with high-quality results is the Department’s workforce. The Department uses a mix of in-house and contract labor and while core services are still being delivered, it is clear from the findings of this report that additional staffing is needed within the Department.

Availability Analysis

Personnel costs are by far the largest expense category in most municipal budgets. Therefore, highly effective municipalities must closely monitor staffing costs to maintain performance standards at the lowest overall unit cost of service. In this analysis, we use *availability* instead of productivity to discuss the level of staffing in the Public Works Department.

Availability is different from productivity in that availability is not measured by the number of units produced per employee (output), but rather by the number of available hours, compared to the number of hours paid. Available hours are hours worked by the employee, excluding leave time. Calculating an availability ratio (hours worked over total hours paid) allows quantification of the current effort in any given area, i.e. how many hours, rather than how many positions it takes to complete a given set of tasks. The availability ratio can also allow the City to review how employees use the leave time allotted to them and consequently predict the future availability of staff to perform work. This measure can also help the City consider options for future staffing, including number and type of employees needed. Availability is an especially important measure for entities with low staffing levels as redundancy is often an issue for these communities; low-staffing levels mean that each position is critical. If one person is unavailable to work, this can greatly reduce the overall availability ratio of the entity and therefore the ability of that entity to deliver services.

To conduct the availability analysis for the Department we assigned each Department employee to a North American Industry Classification System (NAICS) super sector and calculated the actual availability for each super sector. Super sectors serve as points of comparison for divisions within the Department. Actual payroll figures for FY13/14 and FY14/15 were the source of both hours worked and total hours paid for full-time staff. Public Works staff were assigned to a NAICS super sector based on their functional alignment with the subsectors.

- > **The Professional and Business Services super sector** contains the following relevant subsectors: Professional, Scientific and Technical Services (NAICS 54), Management of Companies and Enterprises (NAICS 55), Administrative and Support Services (NAICS 561), and Waste Management and Remediation Services (NAICS 562). Goleta positions included in the category are: Public Works Director, Administrative Assistants, Management Analyst, Environmental Services Coordinator, Public Works Inspector, Principal Civil Engineer, Assistant Engineer and Senior Project Engineers.
- > **The Construction super sector** contains the following relevant subsector: Specialty Trade Contractors (NAICS 238). Goleta positions included in this category are: Public Works Manager, Lead Maintenance Worker (Streets Maintenance), Maintenance Worker II (Streets Maintenance), Maintenance Worker I (Streets Maintenance). Note that the Public Works Manager is included in the sectors for both Construction and the following Natural Resources and Mining.
- > **The Natural Resources and Mining super sector** contains the following relevant subsectors: Forestry and Logging (NAICS 113), Support Activities for Agriculture and Forestry (NAICS 115). Goleta positions included in this category are: Public Works Manager, Lead Maintenance Worker (Parks & Open Space), Maintenance Worker II (Parks & Open Space).

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Table 1 contains the results of this analysis.

Table 1: Public Works Department Availability by Super Sector

NAICS Super Sector	Goleta 2013-2014 Average	Goleta 2014-2015 Average
NAICS: All Sectors	85.52%	84.76%
NAICS: Professional and Business Services	85.25%	85.24%
NAICS: Construction	86.33%	84.77%
NAICS: Mining and Natural Resources	85.68%	81.44%

The all sector availability ratio, which is an average for the entire Department remained fairly steady from FY13/14 to FY14/15. However, two super sectors, Construction and Mining and Natural Resources saw significant declines in availability from FY13/14 to FY14/15. Because the divisions represented by these super sectors are small in terms of staff size, even a slight change in the amount of leave used can greatly affect the availability ratio. If one staff member is not available to work, no matter the reason, this significantly lowers the availability ratio for the entire group and thereby greatly impacts the ability of the Department to deliver services. ***This highlights an important point for the Public Works Maintenance Divisions: due to low staffing levels, this unit has no redundancy or backup. A reduction in the availability of even one staff member has a large impact on the availability of the division as a whole, which impacts the division's ability to perform critical City services.***

We also calculated what the average availability of a City employee *would be* if they used all of the leave allotted to them.² On average, a City employee would be 81%-85% available if they used all of the leave available to them in a given year. The low-end of the range, 81%, includes management leave, while the high end of the range, 85%, does not. With the exception of the Mining and Natural Resources super sector in FY14/FY15 fiscal year, the availability percentages are closer to the top of the availability range, or in some cases, above it. This indicates that Department staff are not using all of the leave available to them. This corroborates what we heard several times throughout the interview process; the Department is so thinly staffed that staff are unable to use their leave time. This puts the Department at risk of employee burn out and turn over.

In addition to the insights provided by the availability analysis, we conducted a benchmarking analysis to further investigate staffing needs within the Public Works Department.

² An average of 120 hours of vacation time per year were used since actual vacation time accruals vary by longevity. Additionally, some employees are entitled to management leave and this was included in the analysis.

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Benchmarking Methodology

As part of our analysis of staffing levels, we used comparable cities to benchmark against Goleta staffing levels. Table 2 provides additional detail on each comparable city. Throughout our analysis we include information for both contract and non-contract cities. Since Goleta is a contract-city, it was important to include this differentiator in the analysis.

Table 2 – Benchmark City Data

City	County	Contract City	Population	People per Sq. Mile	Population Growth	Area (sq. miles)	Miles of Road	% of Population with Bachelor's Degree	Median Household Income
Agoura Hills	Los Angeles	Yes	20,330	2,608.8	2.5%	7.79	65.75	54.4%	\$ 107,885.00
Calabasas	Los Angeles	Yes	23,058	1,787.3	3.6%	12.9	54.02	62.0%	\$ 124,583.00
Dana Point	Orange	No	33,351	5,133.0	2.5%	6.5	80.42	46.7%	\$ 80,133.00
Laguna Beach	Orange	No	22,723	2,567.6	2.7%	8.85	80.02	65.0%	\$ 94,325.00
Manhattan Beach	Los Angeles	No	35,135	8,924.3	2.1%	3.94	89.5	74.0%	\$ 139,259.00
Monterey	Monterey	No	27,810	3,284.9	3.8%	8.47	110.21	47.5%	\$ 63,958.00
Moorpark	Ventura	Yes	34,421	2,736.4	3.3%	12.58	88.72	37.4%	\$ 96,779.00
San Juan Capistrano	Orange	Yes	34,593	2,450.8	4.5%	14.12	81.46	33.0%	\$ 75,600.00
Seal Beach	Orange	No	24,168	2,141.4	2.5%	11.29	47.38	43.8%	\$ 51,242.00
Seaside	Monterey	No	33,025	3,575.3	3.5%	9.24	83.55	22.5%	\$ 55,871.00
Average			26,558	3,521.0	3.1%	9.57	78.10	48.6%	\$ 88,963.50
Average – Contract Cities			22,342	2,395.8	3.5%	11.85	72.49	46.7%	\$ 101,211.75
Goleta		Yes	29,888	3,781.9	3.0%	7.9	181.02	44.3%	\$ 73,691.00

More detailed benchmarking information is included in each of the sections below.

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CIP and Engineering

The Capital Improvement Program Division identifies, funds, designs and constructs City infrastructure improvements such as roads, bridges, buildings, and utilities. CIP staff apply for grant funding for the planning, engineering design and construction of projects, administer those grants once awarded, and manage each project from concept through construction and final closeout. They administer various construction and professional consulting con-tracts for traffic modeling, planning, design, engineering, and project management services.

The Engineering Division provides management and oversight for engineering design, construction, and maintenance of the City's infrastructure. This division oversees the paratransit service program and various service contracts for traffic engineering, engineering design, surveying, environmental planning, development review, construction management, inspection and testing. Engineering staff coordinate departmental reviews on land development projects and engineering approvals of private development within the City, provide permits and inspection for work in the public right of way, conduct utility coordination meetings, and process encroachment and transportation permits. This division implements the City's Street Improvement Program and the Street Lighting Program.

Finding 1: Engineering plan review is often behind schedule and/or rushed due to a lack of staffing resources and as a result of staff having a large backlog of work. Filling the current vacancies for the "Assistant Engineer," the "Sr. Engineer Technician," and the "Sr. Project Engineer" should alleviate some of the workload concerns. In order to investigate this finding further, we benchmarked the City against several peer comparables.

Additional Detail: The City currently has seven budgeted Engineering positions within the Department. Of those positions, three were vacant at the time of our fieldwork. In the table below, we have excluded the Public Works Director and the Deputy Public Works Director positions in order to draw comparisons to benchmark cities for "non-director" level functions:

Table 3 – City Engineering FTEs

Position	Budgeted Positions (FTE)	Filled Positions (FTE)
Principal Civil Engineer	1	1
Sr. Project Engineer	3	2
Traffic Engineer	1	1
Assistant Engineer	1	0
Sr. Engineering Tech	1	0
TOTAL	7	4

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In a high level comparable city analysis, we evaluated the ratio of total number of engineers to city population. The comparable cities included only “contract” cities in southern California coastal areas with populations ranging from 40,000 to 60,000. Table 4 summarizes our results.

Table 4 – Engineering Benchmarks

Entity	Engineers / 1,000 in Population
Goleta – Current State	0.13
Benchmark - Contract Cities	0.19

The City is operating with three vacant positions resulting in less engineers per 1,000 in population (0.13 versus 0.19 per 1,000 in population) compared to the benchmark contract cities. This highlights the need to fill vacant positions in order to better balance workload the current staff levels must support.

In addition to comparing staffing levels, we compared the City’s proposed CIP spending to the benchmark cities. Table 5 compares the City’s 5-year CIP budget to the average of the benchmark cities and to the average of the contract cities.

Table 5 – 5-year CIP Budget

Entity	FY16	FY17	FY18	FY19	FY20
Average - Overall	\$ 10,331,027.30	\$ 11,272,801.25	\$ 7,261,026.00	\$ 7,713,859.40	\$ 12,530,334.00
Average - Contract Cities	\$ 16,833,214.00	\$ 15,393,850.00	\$ 2,355,400.00	\$ 1,046,500.00	\$ 10,023,500.00
Goleta	\$ 9,365,619.00	\$ 30,726,904.00	\$ 36,186,424.00	\$ 29,055,524.00	\$ 27,629,848.00

In total, Goleta has over \$132 million in capital projects identified in the 5 year capital improvement plan and an additional \$56 million of capital projects have been identified for future years beyond the 5-year budget. The next highest of the benchmarking cities, Seaside, has \$87 million in improvements planned over the next five years.

Based on the information above, we are able to conclude that the City has substantially more Capital Improvement activity planned over future years than comparable contract cities as well as the average of all benchmark cities. While CIP related work is not the only work being performed by City engineers, this table demonstrates that for at least a portion of the work being performed by engineers, the City has a substantially larger amount of work planned than comparable cities. Given the results of our research, we conclude that the City has staffing needs beyond that of other benchmark cities.

It is important to note that even if the City enters into additional or larger contracts to complete the CIP work, staffing levels would still need to increase. Contract management is a significant undertaking and requires the appropriate level of FTE with the requisite skill set in order to effectively manage those contracts.

Recommendations 1a & 1b:

- ***We recommend that the City fill its vacant engineering related positions as soon as possible – Sr. Engineering Technician, Sr. Project Manager, and Assistant Engineer; and***

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- > **Reassess engineering needs after vacant engineering positions and the proposed administrative staff positions have been filled**

Implementation Time Frame: Short term (<6 months)

Risk if not implemented: HIGH. If the CIP and Engineering groups do not reach adequate staffing levels, it is a high risk to the City because short-staffing can lead to an inability to complete critical projects on-time, burn-out of talented employees, inadequate oversight of contracts and the financial risks that accompany all of these side-effects.

Public Works Maintenance

Finding 2: The Public Works Maintenance Division is understaffed compared to industry practices, which may lead to hazardous working conditions, an over reliance on contractors and a lack of redundancy in the division.

Additional Detail:

Streets Maintenance Personnel

The Streets Maintenance Division consists of three maintenance personnel. We have also allocated the Public Works Manager at 0.5 FTE to the Streets Maintenance Division in order to draw comparisons to the benchmark cities. Table 6 summarizes the positions and FTE count for the Streets Maintenance Division:

Table 6 – Streets Maintenance FTEs

Position	FTE
Public Works Manager	0.5
Lead Maintenance Worker	1
Maintenance Worker I	1
Maintenance Worker II	1
TOTAL	3.5

The City does not maintain an electronic work order system and does not record time spent on certain tasks in an electronic format. As a result, we were not able to compare the hours required versus hours available to complete certain tasks. In lieu of comparing hours available versus hours required, we utilized our benchmarking results and best practices research to determine if the City's staffing was adequate to address the City's needs. We compared the total number of FTEs within the Streets Maintenance Division to our benchmark cities. We also compared the number of Streets Maintenance Personnel versus the total miles of road maintained by the City according to the 2011 California Road Data Report issued by Caltrans.³

³ CalTrans, 2011 California Public Road Data Report, 2012.

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Table 7 summarizes the benchmarking results:

Table 7 – Streets Maintenance Benchmarks

Entity	Streets Maintenance Personnel (FTE)	Miles of Road Maintained per Streets Maintenance FTE
Goleta	3.5	51.7
Average Benchmark - All Cities	7.9	17.2
Average Benchmark - Contract Cities	4.0	20.4

During our benchmarking research, we noted that the City had less Streets Maintenance personnel than the peer cities (3.5 in Goleta versus about 7.9 overall). The number of Streets Maintenance personnel in the City was also less than that of other contract cities (3.5 in Goleta versus 4.0 in contract cities). As a result of having less staff than comparable cities, the City maintains substantially more miles of road per maintenance staff than the other benchmark cities in our analysis. It is not clear what percentage of streets maintenance is contracted out by each of the comparable cities. The contract cities are more likely to contract for similar streets maintenance services as Goleta. Therefore, the more conservative comparison uses the figures of the contract cities. Even when taking this approach, the City maintains substantially more miles of road per FTE than the other contract cities.

Additionally, we reviewed the primary streets maintenance contract to gain a holistic understanding of the Streets Maintenance Division. We reviewed agreement number 2014-070 between the City and Berry General Engineering Contractors. The contract covers miscellaneous street maintenance activities such as pothole repair, crack sealing, concrete grinding, graffiti removal and numerous other activities. Typical work assignments include miscellaneous asphalt and concrete jobs that are periodically assigned as small projects. The agreement contains the following hourly labor rates by position:

Table 8 – Contract Labor Rates – Streets Maintenance

Position	Standard Hourly Rate	Overtime Hourly Rate
Operating Engineer	\$100.00	\$127.00
Laborer	\$79.00	\$95.00
Cement Mason	\$82.00	\$103.00
Foreman w/ Truck	\$131.00	\$158.00
Cement Foreman w/ Truck	\$139.00	\$156.00
Mechanic w/ Truck	\$137.00	\$165.00

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We calculated a fully-burdened labor rate of streets personnel in order to compare the cost of insourcing streets labor versus outsourcing the work. We noted a fully burdened internal hourly rate for use of City employees of \$63.86.⁴ This fully-burdened hourly rate is less than that of each potential position staffed by Berry General Engineering Contractor’s personnel. The most accurate and conservative hourly rate comparison is with the Laborer at \$79/hour. Again, the City’s fully-burdened hourly rate is lower than this rate. **Therefore, it would be more cost effective for the City to perform small jobs that current employees have the expertise for such as miscellaneous pothole repair and concrete grinding than to contract this work out at the current hourly rates, unless multiple small projects can be grouped together that would allow the contractor to complete more expeditiously given Goleta’s small maintenance staff size.**

Parks & Open Space Maintenance Personnel

The Parks & Open Space Division consists of two maintenance personnel. We have also allocated the Public Works Manager at 0.5 FTE to the division in order to draw comparisons to the benchmark cities. Table 8 summarizes the positions and FTE count for the Parks & Open Space Division:

Table 9 – Parks & Open Space Maintenance FTE’s

Position	FTE
Public Works Manager	0.5
Lead Maintenance Worker	1
Maintenance Worker II	1
TOTAL	2.5

We compared the total number of FTEs within the Parks Maintenance Division to our benchmark cities. We noted that the City has less full-time personnel than other benchmark cities as a whole and less than the contract cities included in our analysis. Table 10 summarizes the number of Parks maintenance FTEs compared to the peer city group:

Table 10 – Parks Maintenance Benchmarks

Entity	Parks Maintenance Personnel (FTE)
Goleta	2.5
Benchmark - All Cities	9.0
Benchmark - Contract Cities	3.6

Each year the National Recreation and Parks Association (NRPA) compiles parks and recreation specific benchmarks by analyzing its Parks and Recreation National Database. We obtained the 2015 NRPA Field Report and compared the City to NRPA’s benchmarks. Table 11 summarizes relevant benchmarks:

⁴ Hourly labor rates include salary, fringe benefits and departmental overhead costs. City-wide overhead costs are not included as these costs will likely not increase significantly enough to warrant a change in the hourly labor rate if two additional FTE are added to the Department. Hiring additional maintenance FTE will actually reduce the hourly rate as some overhead costs (i.e. vehicle maintenance and departmental oversight) will be distributed over a larger number of individuals.

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Table 11 – Parks Industry Benchmarks

Benchmark	Benchmark	Goleta
Acres of parkland maintained per FTE*	13.5	192.8
Operating expenditures per acre of land managed or maintained	\$7,666	\$1,793

*For both the benchmark cities and the City of Goleta, acres of parkland include both municipal parks and open space.

In comparing the City to the NRPA benchmarks, we noted that the City’s parks maintenance personnel maintain more acres of parkland per FTE than the benchmark entities. Additionally, the City spends over \$5,870 less than the benchmark in operating expenses per acre of land it manages or maintains, which serves as additional justification for staffing. Of note is that municipal or developed parks require more maintenance than open spaces areas, of which Goleta has a significant amount. Because the percentage of open space versus municipal parks is not defined in NRPA benchmark surveys, it is difficult to evaluate this comparison. However, the difference between Goleta and the benchmark cities is significant and likely an indication of understaffing given other information.

In addition to our analysis above, we reviewed the City’s Recreation Needs Assessment, which was conducted by RJM Design Group in March 2015. Relative to parks maintenance staffing, the report concludes that the City is not adequately staffed to meet its needs. The report states “Overall, the current level of resources available for park maintenance is strained and inadequate to fully fund both operation/maintenance and long-term capital upgrades and development.” Additionally, the 2015 Recreation Needs Assessment identified additional facility, sports complex, hiking/bicycling trails and other recreation needs that the City may move forward with. Although not all recommendations would be maintained by the City, it is likely that the maintenance requirements from both the Streets Maintenance and Parks and Open Space Maintenance divisions will increase as the recommendations from the study are implemented.

Lastly, we considered the City’s on-call policies. Per discussion with City personnel, certain maintenance requests, including those outside of normal working hours, require more than one Streets or Parks & Open Space Maintenance worker to respond (e.g. instances in which a chainsaw is required). In the current state, the City has a total of five Maintenance workers. Thus, two-fifths (40%) of the City’s maintenance workforce may be required to respond to a service request outside of normal business hours. Hiring two additional maintenance workers would also allow the team to more safely respond to emergency situations and the City would be able to more effectively provide an on-call schedule. The on-call schedule should draw from the entire pool of maintenance workers regardless of whether they are primarily assigned to parks maintenance or streets maintenance.

Recommendations 2a – 2d:

- > ***Hire an additional resource into the Parks Maintenance Division, likely Maintenance Worker II***
- > ***Hire an additional resource into the Streets Maintenance Division, likely Maintenance Worker II***
 - Hiring at a Maintenance Worker II as opposed to a Maintenance Worker I level allows the City to leverage the skills of a more seasoned worker. A more experienced Maintenance Worker II would have the skill set needed to oversee contractor work and provide more skilled labor for tasks that the City previously contracted out.

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- > *Further analyze the cost/benefit of outsourcing certain parks maintenance activities (refer to the ‘Contracting’ section of the report for more information)*
- > *Further analyze the cost/benefit of outsourcing streets maintenance activities considering the difference between the burdened hourly rate and the outsourced rates noted in the Berry Contract (refer to the ‘Contracting’ section of the report for more information)*

Implementation Time Frame: Mid-term (6-12 months). The City may need to wait until the next budget cycle to have these positions approved.

Risk if not implemented: **HIGH.** Insufficient staffing levels in the maintenance divisions can result in a lack of oversight of contractor work, increased safety concerns especially for on-call work and an over reliance on contract work.

Administrative Support Personnel

Finding 3: The Department does not have sufficient administrative support staff. Therefore, most employees perform administrative tasks such as copying, filing and scheduling. This indicates that employees are not being used to their best and highest potential and spend time focusing on tasks outside their essential job functions. Additionally, the high amount of contracts administered and managed within the Department requires that staff spend significant time performing procurement related tasks. Staff time should be freed up to focus on the essential duties within each position description.

Finding 4: The Public Works Department has a high-amount of contracted work; therefore, staff spend a significant amount of time on purchasing tasks such as entering purchase requisitions, generating POs, compiling RFP/RFQ/RFI information, bid tabulation and contract administration, which are more administrative in nature. These tasks are performed by staff at all levels of the organization and are often not aligned with primary work responsibilities of staff. Additional administrative support for purchasing activities is needed within the Department.

Additional Detail: During the fieldwork phase of the assessment, we noted that the Department had a total of 1.9 budgeted full-time equivalent (FTE) Administrative staff supporting the overall Department of 19.9 FTE's. The ratio of Administrative staff to total Department personnel is 10.5.

In comparison to the California benchmark cities, the Department has a slightly lower level of administrative support (10.5 FTEs per administrative support staff versus 9.8). Additionally, the City has nearly 50% less administrative support as compared to other contract cities (10.5 FTEs per administrative support staff in Goleta versus 5.3).

We noted that the contract cities in our benchmarking analysis generally had more administrative personnel relative to the total department size. This is largely due to the level of administrative support required to procure and manage outsourced services.

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Table 12 below summarizes the results of our benchmarking research regarding best practices in benchmarks for administrative support personnel:

Table 12 – Administrative Support Personnel Benchmarks

Entity	Administrative Support Personnel (FTE)	Total Department Size (FTE)	Ratio of Total Personnel to Administrative Support
Goleta	1.9	19.9	10.5
Average Benchmark - All Cities	3.1	30.5	9.8
Average Benchmark - Contract Cities	2.9	15.4	5.3

With an additional administrative support FTE, the ratio of FTEs per administrative support staff would drop to 6.9. This level of administrative support aligns more closely with the contract city benchmarks in our research. ***As a result of our research, we recommend that the City budget for and hire an administrative staff to support the Department.***

Overall, we noted that the lack of administrative support has caused all Department staff to perform administrative functions that do not align with their positions. We are recommending that the additional administrative support FTE be split between the following functional areas:

- > Solid Waste & Environmental Services Division
- > Capital Improvement Projects Division - CIP

To best utilize a new resource, we recommend that the City allocate the Administrative staff position between the CIP Division and the Solid Waste & Environmental Services Division (approximately 0.5 FTE to each division). Table 13 depicts the alignment of duties both in the current state and in the proposed state, which includes the additional FTE. Currently, one administrative staff primarily supports the Public Works Maintenance Division and another administrative staff supports to rest of the Department, in general. Both of these positions currently help process some requests related to CIP and Environmental Services, so an additional administrative staff dedicated specifically to these functions would allow the existing administrative staff to provide an increased level of support to the rest of the Department, particularly for purchasing related functions.

As shown in the table, Sr. Project Engineers and the Environmental Services Coordinator are currently responsible for tasks typically aligned with an administrative staff. The assignment of duties in the current state serves as additional justification for hiring an Administrative FTE.

Under each task and sub-task, we indicate the level of responsibility as either 'Primary' or 'Secondary' to delineate between the process owner (Primary) and the position responsible for supporting the process owner when needed (Secondary). The table also features a column for the Management Analyst as this position plays a role in some, but not all, of these tasks. As depicted in the table, the primary goal of adding additional support staff is to provide the Project Engineers and Environmental Services Coordinator with the time to focus on their primary job duties instead of tasks that can be completed by an administrative staff or management analyst.

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Table 13 – Alignment of Duties

Tasks	Sub-Task	Current State	Recommended		
		Project Engineer(s) / Environmental Services Coordinator	Project Engineer(s) / Environmental Services Coordinator	Management Analyst	Administrative Staff
PW Strategy and Mission		Primary	Primary		
Budgeting/Finance	Planning / Budgeting	Primary	Primary	Support	
Budgeting/Finance	Generating Reports / Analysis	Primary	Secondary	Primary	Support
Project Management		Primary	Primary		Secondary
Plan Review		Primary	Primary		
Contract Management	Vendor Oversight	Primary	Primary		Secondary
Grant	Management/Oversight	Primary	Primary	Support	Secondary
Grant	Application Prep	Primary	Secondary	Support	Primary
Procurement	Writing Scope	Primary	Primary		
Procurement	RFP/RFI Process Administration	Primary	Secondary		Primary
Procurement	Bid Tabulation (high level)	Primary	Secondary		Primary
Procurement	Technical Proposal Review	Primary	Primary		
Administrative Tasks	Printing / Filing	Primary	Secondary	Support	Primary

The City's 2016/2017 Budget includes over \$40 million in capital improvement work over Fiscal Years 2015/16 and 2016/17. The addition of an administrative position will play a critical role in enabling the City to achieve this objective as well as managing day to day activities in the Department.

Recommendation 3: *The City should hire one additional administrative position. This position should be mostly allocated between the CIP and Solid Waste and Environmental Services Divisions of the Public Works Department.*

Implementation Time Frame: Mid-term (6 to 12 months). The City may need to wait until the next budget cycle to have this position approved.

Risk if not implemented: **HIGH.** Without additional administrative support, Department staff will continue to perform a large number of tasks that are outside of their primary job responsibilities. This not only results in staff not being used to their best and highest-use but puts further strain on a Department which is currently understaffed.

Recommendation 4: *As part of the organizational structure recommendations and in conjunction with Recommendation 3 above, we recommend that the City hire for this additional administrative position to support the purchasing responsibilities of the Department. The additional administrative support will allow the entire administrative support pool within the Department to complete tasks related to purchasing and other administrative duties so that other Department staff can focus on their primary job responsibilities.*

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Implementation Time Frame: Mid-term (6 to 12 months). The City may need to wait until the next budget cycle to have this position approved.

Risk if not implemented: HIGH. If administrative support levels are not increased, Departmental staff in non-administrative positions will continue to do a large amount of purchasing related tasks that could be completed by an Administrative Assistant instead of focusing on the tasks required of their position.

Summary of Organizational Structure and Personnel Support Recommendations

Table 14 summarizes the recommendations for additional staff to support the Public Works Department. Recommended positions include one Administrative Assistant, one Maintenance Worker II for the Parks & Open Space Division and one Maintenance Worker II for the Streets Maintenance Division. Vacant positions are italicized in the chart and include one Assistant Engineer, one Senior Project Engineer and one Senior Engineer Technician.

Table 14: Summary of Budgeted and Recommended Positions

Position	FY 2015/2016 Budget	FY 2016/2017 Budget	Recommended	Recommended Additions (from 2016/2017 Budgeted)
Administrative positions	1.9	1.9	2.9	1
Deputy Public Works Director	1	1	1	0
<i>Assistant Engineer</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>
Environmental Services Coordinator	1	1	1	0
Lead Maintenance Worker	2	2	2	0
Maintenance Worker I	1	1	1	0
Maintenance Worker II	2	2	4	2
Management Analyst	1	1	1	0
Public Works Director	1	1	1	0
Public Works Inspector	1	1	1	0
Public Works Manager	1	1	1	0
Principal Civil Engineer	1	1	1	0
<i>Sr. Engineering Technician</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>
<i>Sr. Project Engineer (1 vacant FTE)</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>0</i>
Traffic Engineer	1	1	1	0
TOTAL	18.9	19.9	22.9	3

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Below is a summary of our recommendations related to Organizational Structure and Personnel Support:

Recommendations 1a & 1b:

- > We recommend that the City fill its vacant engineering related positions as soon as possible – Sr. Engineering Technician, Sr. Project Manager, and Assistant Engineer; and
- > Reassess engineering needs after vacant engineering positions and the proposed administrative positions have been filled

Recommendations 2a – 2d:

- > Hire an additional resource into the Parks Maintenance Division, likely Maintenance Worker II
- > Hire an additional resource into the Streets Maintenance Division, likely Maintenance Worker II
 - o Hiring at a Maintenance Worker II as opposed to a Maintenance Worker I level allows the City to leverage the skills of a more seasoned worker. A more experienced Maintenance Worker II would have the skill set needed to oversee contractor work and provide more skilled labor for tasks that the City previously contracted out.
- > Further analyze the cost/benefit of outsourcing certain parks maintenance activities (refer to the ‘Contracting’ section of the report for more information)
- > Further analyze the cost/benefit of outsourcing streets maintenance activities considering the difference between the burdened hourly rate and the outsourced rates noted in the Berry Contract (refer to the ‘Contracting’ section of the report for more information)

Recommendation 3: The City should hire one additional administrative position. This position should be mostly allocated between the CIP and Solid Waste and Environmental Services Divisions of the Public Works Department.

Recommendation 4: As part of the organizational structure recommendations, we recommend that the City hire an additional administrative position to support the Public Works Department. Adding an additional administrative support will allow the entire administrative support pool within the Department to complete tasks related to purchasing and other administrative duties so that other Department staff can focus on their primary job responsibilities.

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Information Technology

Along with personnel, information technology resources provide the framework for effective City operations. Technology is constantly changing and it is important that the City have a strong IT governance model to ensure that the City's IT budget is being spent in a way that has the greatest and most positive impact on City operations. All of our recommendations are based on the philosophy that effective IT operations are rooted in a strong governance framework. Based on our analysis of the data submitted for this project, our interviews with City employees and a comparison to industry best practices we make the following recommendations regarding the City's information technology:

IT Governance

Finding 5: Technology changes rapidly and requires dedicated resources to implement and manage as a long term investment. The City could benefit from a technology evaluation and the development of a strategic plan to ensure that appropriate applications are in place and managed effectively to support operations.

Additional Detail: IT Governance is an essential component of a successful IT program in any organization. In general, IT governance refers to the oversight of the key components of the IT function including:

- > Strategic Planning including business unit alignment with strategic plan
- > Risk Management including insuring business unit compliance with risk mitigating policies
- > Resource Management including strategic sourcing, oversight of IT budgeting process and human capital management

The City could benefit from a more robust and documented strategic and integrated approach to IT management which incorporates all of the above listed elements. The City has indicated that Risk Management is a part of daily processes. However, long term strategic planning and human capital management are areas with room for improvement.

Recommendations 5a – 5c: The City should take the following steps to improve IT Governance City-wide

- > ***Develop a strategic plan for IT that includes organization wide as well as department-specific goals and objectives. These IT strategic plans should be closely tied to the strategic priorities of the City. The staffing levels necessary to carry-out plan components should be included within the plan, including any anticipated support from outsourced IT services.***
- > ***Assess whether the level of IT support, which includes an on-site presence of 1-2 days per week, is sufficient to meet the City's needs.***
- > ***The City should work to strengthen IT Governance. Specifically, the City should develop a strategic plan for IT that includes organization wide as well as department-specific goals and objectives while also evaluating the required IT human capital support required to carry out those goals.***

Implementation Time Frame: Mid-term (6 to 12 months).

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Risk if not implemented: HIGH. There appears to be an underinvestment in some technology resources, which puts a further strain on the ability of City staff to meet deadlines and perform efficiently. Investments in human capital must be complemented by investments in IT that meet the needs of the human capital in order to realize efficiency gains as an organization. The IT governance framework should be in place prior to making any major IT investments.

Financial / ERP Systems Evaluation

Finding 6: The City's current financial system, Incode, is not meeting all of the City's needs. It is unclear if this is due to a lack of upgrades being made to the system, a deficit in system functionality, or that the City is not using the system to its fullest capacity. The City has budgeted \$450,000 for a "Finance Software upgrade".

Additional Detail: The following is an abbreviated process guide for the selection of an ERP system, which in most respects applies to selection of a less complex financial management system. An ERP system with a high-level of functionality can provide the City with several benefits, including integration of currently segregated systems, consolidation of data, work flow and information management in the form of dashboarding and enhanced reporting capabilities. These integrated systems are designed to create major efficiencies for organizations by linking processes such as requisitions, purchase orders, accounts payable, accounts receivable, inventory management, and vendor maintenance as well as parcel management, permitting, inspection / code compliance, and utility billing. A fully-functioning ERP system can help move an organization from an over-reliance on paper processes towards an organization focused on the strategic use of data to make business decisions. ERP systems require a large investment, both monetarily and of staff time. The customization and functionality of these systems vary greatly by vendor and vendor specific offerings. Therefore, it is important that the selection of a new ERP system follows a rigorous methodology to ensure that all the City's business needs are taken into account. Discussions with City staff and the Fiscal Year 2015/2016 First Quarter Financial Review presented to City Council on December 15th, 2016 indicate that \$450,000 has been included in the CIP budget for a MIS/ERP system.

Should the City move forward with the procurement of a new ERP system, **we recommend that the City:**

- > **Identify a project steering committee** that takes ownership of moving the project forward and "selling" it throughout the organization
- > **Ensure everyone in the organization is aware of the project** and understands what an ERP is and how it can benefit them
- > **Develop a report that expresses the value of the project** so that top management understands the need for a new system
- > **Establish project goals/business drivers** so that the strategy for the project is clearly defined (i.e. how will this system support the City's strategic objectives for the next 5-10 years)
- > **Meet with key individuals regularly to develop your business needs/system requirements.** End users understand their daily activities better than anyone else in the organization so their input is critical to project success.
- > **Identify any processes that can be improved prior to ERP system selection.** This will ensure the City fully utilizes any new system that is purchased
- > **Develop a strong RFP** which covers topics such as the vendor's background, implementation plan, training plan and references for similar sized governments
- > **Conduct vendor demonstrations with top vendors** and invite end users and other key personnel to rate each system

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Recommendation 6: *The City should perform a needs assessment study for all City departments to determine what the needs of a financial or ERP system would be. The City should use this as a gap analysis to determine which needs are not being met by the current system, Incode. Once the gaps are determined, the City can evaluate an approach to correct these gaps, e.g. by updating their version of Incode, (if an upgrade would provide additional functionality) providing users with additional system training or procuring a new ERP system.*

Implementation Time Frame: Long term (> 12 months).

Risk if not implemented: **MEDIUM.** The City can continue to operate under the same Incode system, however, given that funds have been budgeted for a system upgrade, delaying this process will only result in the continuation of lost efficiencies and employee frustrations with the current system.

Permitting Software Implementation

Finding 7: The City has purchased Magnet permitting software and has owned the licenses for several years but has not implemented the system. Instead, the focus has been on digitizing the City's data and documents related to permitting so that they can be added to the new system. The lack of automation in the City's permitting process is a pain point.

Additional Detail: The City has entered into two separate contracts as part of the process to implement a permit tracking software. The first contract is with an imaging vendor for document imaging services for an approximate amount of \$90,000. The second contract was entered into for professional technology services in conjunction with a permit tracking system. This contract with CSI for their Magnet software was entered into on June 30, 2011 for a total amount not to exceed (approximately) \$316,000. This contract would occur in two phases, with the first phase being all system building and training leading up to a “go-live” and the second phase being a five year ongoing maintenance period.

As of the site visit by Baker Tilly in October of 2015, the document scanning process and permit tracking “go-live” were not yet completed. In discussions with staff, it was mentioned that the document scanning process was taking longer than expected and that the permit system implementation was being held up perhaps in part by the development of a new zoning ordinance in addition to the document scanning delay.

It is recommended that the City move forward with the implementation of the CSI Magnet software for permit management. If certain aspects of the software cannot be implemented due to zoning ordinance development or other issues, then those functions can be completed at a later date. Permitting requirements that affect CIP projects and Public Works specific projects could benefit significantly from the permit software's release. All departments that will be utilizing the software should be involved in the needs assessment, system build, and training.

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The following are general best practices for software implementation that the City should consider if not already doing so. **Furthermore, to keep this project moving forward, it may be beneficial to retain a contract project manager skilled in software implementation to assist with the below:**

- > Identify and coordinate a project steering committee that takes ownership of moving the permitting software project forward and ensuring efficient adoption throughout the organization.
- > Ensure everyone in the organization is aware of the project and understands the system capabilities and how it can benefit them
- > Implement a standardized process for all City permits in order to create internal efficiencies, improve City-wide reporting, and enhance one-stop shopping for permit applicants.
- > Develop formalized permitting guidelines and process flow charts for both internal and external (applicant) use in order to ensure consistency and provide transparency to the applicant.
- > Assign a single point of contact for a particular permit or permit type who is available to answer questions applicants may have. This does not mean that staff handling permits should not be cross-trained in all permit types just that each customer should have a single point of contact throughout the permitting process.
- > Dedicated application facilitators: similar to a “single point of contact”, except the facilitator or project manager is specifically assigned for large or complex projects to take an active role in managing the permit application through the entire permit process.
- > Monitoring internal timelines: approaches used to monitor the time it takes from permit application submittal to final determination of permit.
- > Review internal performance: regularly review the performance of permitting activities, compare performance to established goals, and make adjustments to the process.
- > Obtain customer input: conduct satisfaction surveys and/or focus groups with development community.
- > Records and data management control: policies are established that determine how documents and data are managed and controlled.

As part of the City-wide effort to implement performance metrics, permit tracking data provided by the permit software would provide the City benchmark statistics for which it can measure itself against. Some cities provide average processing times based on current backlog data so that applicants have a frame of reference that can serve to reduce the number of applicant calls for status updates. This additional level of transparency can help the City measure internal (i.e., review) and external (i.e., client response to questions) influences in order to understand whether delays are caused by the issuing agency or the applicant in an automated and often real-time fashion. Much of this will depend on the capabilities of the permitting software, but should be discussed with the vendor.

While the live version of the software is expected to create net efficiencies for staff, there will likely be additional IT support needs to maintain the system long term. The City should evaluate the potential impact of internal IT support needs based on the contract scope with the software vendor and typical support requirements.

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Recommendations 7a – 7b:

- > *The City should expedite the implementation of the permitting software and enable the use of the software for all of those involved with the permitting process. An increased ability to use technology can ease some of the burden of being understaffed.*
- > *The Public Works Department has been only minimally involved with the needs assessment and implementation of the software to this point despite the fact they will likely be users of the system. The Department should be more involved in the process and consideration should be given to expediting the software's "go-live" for aspects not directly related to the adoption of the new City Zoning Ordinance, which seems to be the main reason for the delayed release.*
 - While the software implementation is expected to result in a net increase in efficiency, there will likely be additional IT support needs associated with the system that the City must consider.

Implementation Time Frame: Mid-term (6 to 12 months).

Risk if not implemented: **HIGH.** The City has already committed significant funds and staff time to the roll out of this permitting software. Further delay only diminishes the return on investment and leads to unrealized efficiencies the system was selected to create.

Software and Hardware Resources and Training

Finding 8: Several City Departments have software, hardware, and associated training needs that are not currently being met.

Additional Detail: During Baker Tilly's field work, numerous discussions with City staff revolved around software and hardware needs that may not be currently met. Below is a discussion of the higher priority needs expressed during these interviews.

We recommend that the City consider these needs in concert with actions taken as part of the IT Resources and Governance Needs section that will serve as the framework for a sound, long-term strategic plan. We understand that several of the discussion points below may currently be in progress or planned for in the upcoming fiscal year, yet the importance of follow through on these issues is being reiterated and justified based on best practices.

Software

- > CAD Software for Engineers: From discussions with City personnel, it appears there is one AutoCAD LT (light) license available for all engineers. The City should invest in several licenses so that several project managers and engineers have access to these programs for plan file review, editing, printing, and measuring as needed. If it is found that not all engineers (CIP and Engineering) require full-time access, a shared desktop version may be an option. At least two to three licenses for a current, full functionality CAD program would appear prudent within the Department. These could be distributed between Engineering and CIP staff as deemed appropriate. Access to CAD programs for engineers involved with plan development and review is common place in the civil engineering industry. Licenses will vary in cost from several hundred dollars to several thousand dollars per year based on functionality of the version chosen. Free trial and perpetual license options are available from various vendors. It is important to also ensure that hardware needs are met to ensure efficiencies are obtained at workstations with CAD (i.e. multiple monitors, larger sized monitors, increased memory, etc.)

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- > GIS: The need for improved GIS capabilities was discussed in several interview sessions with City staff. City personnel indicated that currently GIS is managed via several systems and hosted off-site (i.e. JDL Consultants, Z-World Consultants, and GovClarity). Frustrations were voiced over the inability to retrieve accurate information and to quickly and efficiently create maps with the needed information, especially as they relate to inquiries from other departments and City Council. The City should consider implementing a dynamic in-house system, which would allow for data manipulation, queries, layer creation, and integration with shape files. Relying on contracted services for minor tasks is not cost effective or time efficient. The CA Multi-Agency CIP Benchmarking Study group lists the following as a best practice for local government agencies: “Entering and tracking planned projects into a GIS which is available to all private and public sector project planners will reduce the potential for conflicts and re-work.” The Advance Planning Division oversees the acquisition and management of the City’s GIS database. However, there are no objectives or mention of GIS initiatives in the Advance Planning section of the City’s “Operating Budget and Capital Improvement Program Budget” document. GIS initiatives and goals should be established by a small task force that most heavily uses and depends on GIS (i.e. Planning, Public Works, Neighborhood Services). This group should work with City’s IT Governance group to ensure the needs of everyone are being met within the budget proposed by the task force and approved by the City for the long-term goals involving GIS. GIS is an investment that can benefit not only City staff but also the citizens and constituents of the community who could have access to information online. Several of the comparable cities listed by the City of Goleta have interactive GIS mapping available to the public online (San Louis Obispo, Monterey, Manhattan Beach, and others).
- > Incode Time Tracking: Time entry for staff required to drill down to specific project level and task level entries is overly time consuming. It is unclear whether this is due to a limitation of the current version of Incode or the software in general. When deciding upon upgrading the current Incode software or selecting a different financial and personnel management / ERP type software, the City should consider improving on the efficiency of time entry for those dealing with project and task specific tracking.
- > Electronic Work Order System: The City does not currently utilize an electronic work order system. Rather, the City relies on the use of multiple tracking methods including Excel spreadsheets and the ‘City Assist’ web tool to record and report on citizen complaints and other general work orders. When deciding upon upgrading the current Incode software or selecting a different ERP software, the City should consider purchasing an integrated electronic work order system. An electronic work order system would auto-assign issues to the appropriate City staff (or contract staff), track the status of the work order, automate reminder notifications, and allow for improved reporting. The City should also consider this potential purchase when considering the purchase of mobile devices for inspections and code enforcement, as there would likely be potential to integrate the electronic work order system and mobile technology.
- > All-inclusive Project Management Tool: Discussions with project managers indicated that project planning and tracking tools are used inconsistently and without standard procedures followed by all staff involved which leads to duplicative work. The City uses several MS Office programs such as MS Word, MS Excel, MS Project, and MS Access to track and communicate project information. The City should implement standard operating procedures (SOPs) to ensure that projects are tracked in a consistent manner and that project information is edited and communicated from a single source. This will ensure that data is communicated consistently, accurately, and efficiently. Given the size of the CIP and Planning Department’s project backlog and the large capital investments being made, the City may want to consider investing in a more robust, all-inclusive project management system beyond the Microsoft Suite currently being utilized. A single system that offers workflow, document management, audit trail, project scheduling, project budgeting, project filtering, fund allocation, resource management, proposal management, contract management, and reporting capabilities would be ideal. Depending on the functionality of the system, the software could potentially also be used for grant management and tracking. A cost-benefit analysis would be suggested to ensure the appropriate system is being purchased.

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- > Miscellaneous Software Suggestions: The City should ensure that MS Office Suite programs are compatible with all aspects of project communication methods and that updated versions should be available to staff. The City should consider investing in an edit-enabled version of Adobe Acrobat to add efficiencies to document review and editing for those using .pdf files frequently.

Hardware

- > Field workers indicated that they are often taking pictures on their personal phones and that most field notes, time tracking, and data review is performed on physical hardcopies. The City should consider investing in mobile technology such as a tablets for field workers who are required to document field conditions, create work orders, and retrieve database or mapping information remotely. Minor investments in mobile technology can significantly improve data retrieval, storage, and crew efficiencies. This should be especially considered for integration with any larger ERP initiatives being considered by the City. Discussions with software vendors can help in decision making on this front.

Training and SOPs

- > City personnel should be adequately trained in all software to ensure efficiencies are obtained. Basic skills in all MS Office programs, especially MS Word and MS Excel are essential to producing quality documents.
- > The City should establish internal standards across departments for file management, file naming, and file sharing. Failure to create these consistencies leads to lost time, documents, and miscommunications.

Recommendation 8: The City should evaluate the need for additional Software & Hardware Resources and Training including the following:

- > ***CAD Software Licenses for Engineers***
- > ***GIS Upgrade***
- > ***Incode Time Tracking Revisions for Project and Task Based Entries***
- > ***Electronic Work Order System***
- > ***All-inclusive Project Management Tool***
- > ***Mobile Technology***
- > ***Software Training and SOPs***

Implementation Time Frame: Long term (> 12 months).

Risk if not implemented: **HIGH.** The gaps in software, hardware, and training needs of the City are leading to inefficiencies across several divisions. Some of these IT improvements are low cost and easily implemented while others are higher cost and will require more complex implementation. It will be up to the City to prioritize and schedule each improvement. The cost to benefit ratio of each aspect should be analyzed in this prioritization process.

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Summary of IT Recommendations

Recommendations 5a – 5c: The City should take the following steps to improve IT Governance City-wide

- > Develop a strategic plan for IT that includes organization wide as well as department-specific goals and objectives. These IT strategic plans should be closely tied to the strategic priorities of the City. The staffing levels necessary to carry-out plan components should be included within the plan.
- > Assess whether the level of IT support, which includes an on-site presence of 1-2 days per week, is sufficient to meet the City's needs.
- > The City should work to strengthen IT Governance. Specifically, the City should develop a strategic plan for IT that includes organization wide as well as department-specific goals and objectives while also evaluating the required IT human capital support required to carry out those goals.

Recommendation 6: The City should perform a needs assessment study for all City departments to determine what the needs of a financial or ERP system would be. The City should use this as a gap analysis to determine which needs are not being met by the current system, Incode. Once the gaps are determined, the City can evaluate an approach to correct these gaps, e.g. by updating their version of Incode, (if an upgrade would provide additional functionality) providing users with additional system training or procuring a new ERP system.

Recommendations 7a – 7b:

- > The City should expedite the implementation of the permitting software and enable the use of the software for all of those involved with the permitting process. An increased ability to use technology can ease some of the burden of being understaffed.
- > The Public Works Department has been only minimally involved with the needs assessment and implementation of the software to this point despite the fact they will likely be users of the system. The Department should be more involved in the process and consideration should be given to expediting the software's "go-live" for aspects not directly related to the adoption of the new City Zoning Ordinance, which seems to be the main reason for the delayed release.
 - While the software implementation is expected to result in a net increase in efficiency, there will likely be additional IT support needs associated with the system that the City must consider.

Recommendation 8: The City should evaluate the need for additional Software & Hardware Resources and Training including the following:

- > CAD Software Licenses for Engineers
- > GIS Upgrade
- > Incode Time Tracking Revisions for Project and Task Based Entries
- > Electronic Work Order System
- > All-inclusive Project Management Tool
- > Mobile Technology
- > Software Training and SOPs

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Contracting

Given the City's classification as a contract city, the Public Works Department outsources many of its functions including, but not limited to miscellaneous asphalt and concrete repair, catch basin and ditch cleaning, landscape maintenance, tree trimming, and parks maintenance as well as professional services

As a result, contracting and contract management are critical to achieving the Department's strategic objectives. In consideration of the importance of this function, we analyzed the City's Outsourcing Framework and the Cost Analysis component of the City's Framework. The subsections below detail our analysis, findings, and recommendations for an improved Framework.

Outsourcing Decision Framework

Finding 9: The City has not optimized its Outsourcing Decision Framework, making it difficult for the City to analyze when to insource and outsource services. Implementing a formal framework would enable the City to consider financial and non-financial elements in its decision making process.

Additional Detail: Outsourcing is typically credited as providing strong financial and non-financial benefits to municipal governments. Typical benefits cited by proponents of outsourcing include:

- > Reduced costs due to the partner's economies of scale
- > Improved efficiency
- > Access to advanced technology
- > Reduced cycle times
- > Resolution to control deficiencies
- > Reduced capital investment risk by transferring ownership
- > Freedom from non-core, repetitive processes

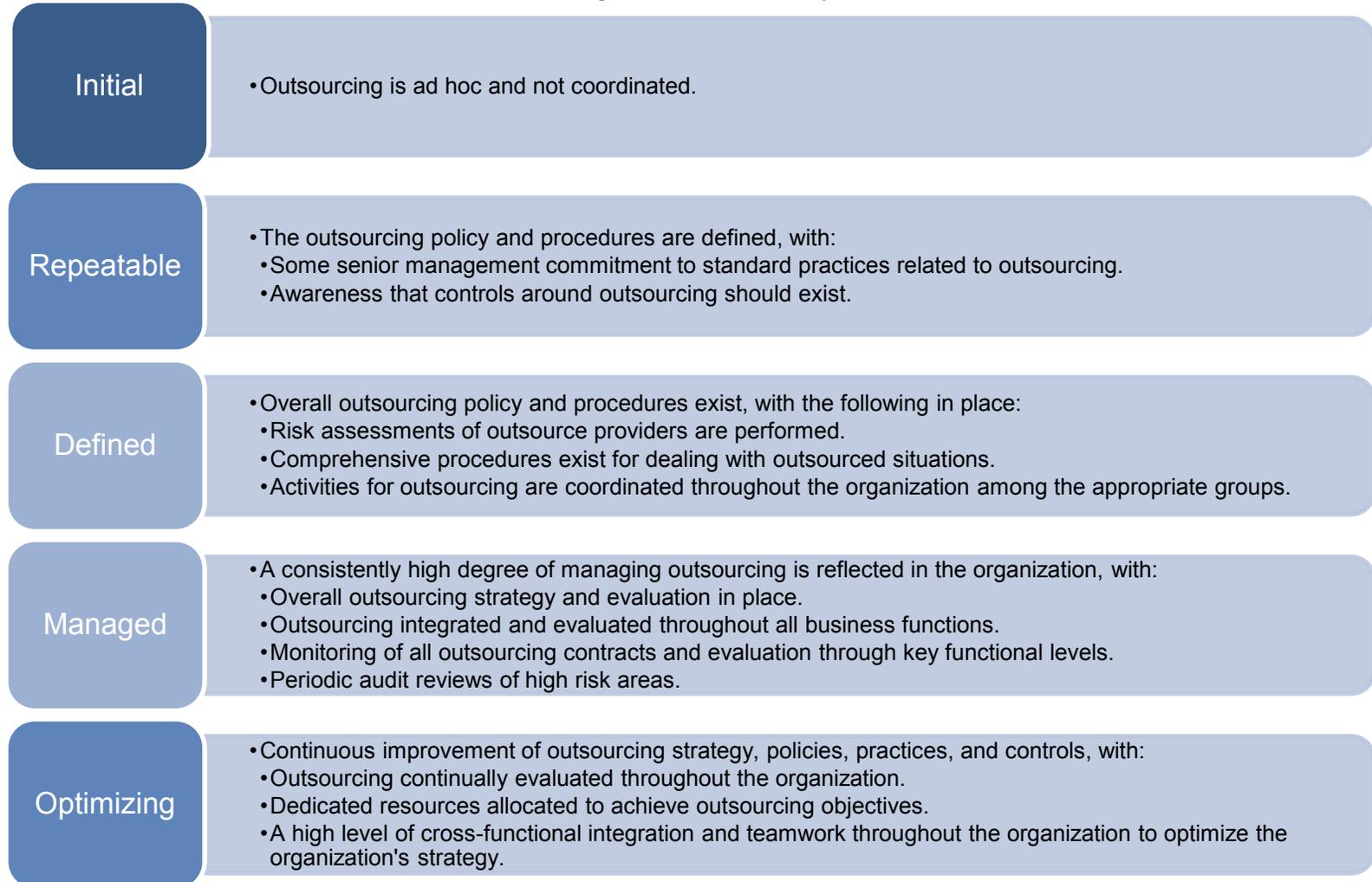
The City sought to achieve similar benefits when it incorporated and became a contract city in 2002. Since then, the City has outsourced various services including the following (NOTE: this list is not intended to be exhaustive):

- > Public Safety (Police and Fire)
- > Information Technology Staff and Services
- > Annual Street Resurfacing Program
- > Annual Sidewalk Maintenance Program
- > Street Cleaning

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Given the City's emphasis on outsourced services, we explored the City's outsourcing function throughout the interview phase of our assessment. We measured the City against an outsourcing framework established by the Institute of Internal Auditors⁵ (IIA):

Outsourcing Framework Maturity Model



⁵ Salamasick, Mark, *Auditing Outsourced Functions: Risk Management in an Outsourced World*, Institute of Internal Auditors, 2012.

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During our interviews with City personnel, we noted that the City's outsourcing function has elements of a Repeatable, Defined, and/or Managed, process as described in the figure above. This review mainly focused on outsourcing related to Public Works activities.

Repeatable: The City acknowledged the need for strong control over outsourced functions. However, we noted that the following key controls were either not in place or operating effectively at the time of our review:

- > City personnel do not conduct cost-benefit analysis and determine the financial benefit of outsourcing.
- > City contracts are not designed to define specific and measurable service level requirements.
- > Subject matter experts do not perform periodic reviews and audits of contract work including documenting deficiencies and working with vendors toward resolution.

Defined: The City coordinates throughout the organization with the appropriate personnel. However, we noted that risk assessments for outsource providers are not formalized, as indicated by instances in which the City hired service providers who were not equipped to perform the outsourced function or did not perform to the City's satisfaction.

Managed: City management communicated its overall outsourcing strategy. However, the City did not demonstrate that it monitored its outsourced functions through periodic audit or otherwise. The City has the opportunity to improve its outsourcing decision model by looking to industry best practices.

Recommendation 9: In order to 'mature' and optimize the City's outsourcing function, we recommend that the City implement a process for outsourcing that flows from the Government Finance Officers Association (GFOA) model, as described below.

The GFOA recommends the following 12 step process for making outsourcing decisions:

- > **Analyze Motivations for Outsourcing.** Informed determinations depend largely on a thorough understanding of the rationale that supports consideration of a particular outsourcing initiative.
- > **Assess Initial Plan & Scope of Project.** When decision-makers are clear about objectives and expected outcomes, they are better positioned to plan major processes, tasks, and milestones, as well as identify associated costs.
- > **Evaluate for Consistency with Priorities, Plans & Policies.** The organization should evaluate objectives and determine if participation is consistent with the governmental entity's overall vision and mission.
- > **Identify Unmet Staff Competencies.** Early in the process of analyzing a proposed "partnership", staff should assess the nature and degree to which any outside consulting or financial services may be necessary, in order for the governmental entity to analyze or negotiate a transaction.
- > **Conduct an In-Depth Assessment.** Public entities should conduct an in-depth assessment to determine if potential opportunities are viable from both a short- and long-term perspective.
- > **Determine Fiscal Impact.** A cost analysis of a service that may be privatized must be performed to determine what such a service should actually cost the government. (Refer to the sub-section entitled 'Fiscal Impact – Performing Cost Analysis' for more information)

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- > **Determine Service Level Impact.** Potential partnerships must also be evaluated to determine if existing or expected service levels will be impacted by the decision to privatize. Any direct or indirect impacts on existing services should be carefully considered and entirely disclosed in connection with a government entity’s consideration of any outsourcing opportunity.
- > **Analyze Other Alternative Arrangements.** A full array of service delivery options should be considered, so as to ensure efficient pricing and informed decision-making. Alternatives might include delivery in-house or by another unit of government, contracting with non-profits or for-profit institutions, or service provision through a hybrid arrangement.
- > **Analyze and Promote a Competitive Market.** Staff should gather pertinent information about the capabilities, expertise and past performance of potential partners, and tailor contract specifications so as to attract a significant number of quality proposers.
- > **Institute Clear and Effective Contract Requirements.** Outsourcing agreements should reflect an organization’s goals and mission and establish specific expectations, roles, and responsibilities.
- > **Assess Potential Performance Metrics.** Outsourcing agreements must include standardized metrics (e.g. milestones, service level expectations, output measures) so as to establish a basis by which performance can be both measured and assessed.
- > **Ensure that Outsourcing Considerations are Open, Public & Transparent.** It is imperative that the deliberation process allow for adequate input from key stakeholders affected by such an initiative.

The following Decision Model depicts the decision points by which the City can best decide to insource or to outsource certain services.

Decision Model Insource vs. Outsource		
	Justification to:	
Consideration	Insource	Outsource
Core Service	The service in question is core to the City's purpose and function. Risks associated with non-achievement of core objectives and goals outweigh the potential benefits of outsourcing.	The service in question is not core to the City's purpose or function.
Technical Expertise	<p>City personnel possess the required knowledge, skills, and experience to perform the service in question.</p> <p>City personnel are able to obtain the necessary technical expertise in a timely and cost effective manner.</p>	<p>The service requires specialized knowledge or skill that is not available within the City.</p> <p>City personnel could not obtain the necessary technical expertise in a timely or cost effective manner.</p>

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Decision Model Insource vs. Outsource		
Consideration	Justification to:	
	Insource	Outsource
Cost	When considering all potential costs (labor, equipment, risk, etc.), the City is able to provide the good or service at a lower cost than an external service provider.	Use of an external service provider is less costly The vendor is able to capitalize on economies of scale that are not available to the City.
Staff Availability	Current staffing levels and staff availability are such that the City personnel are able to take on additional responsibilities/projects.	City personnel do not have availability to take on additional tasks or responsibilities necessary to complete the project.
Timing/Urgency	The need is critical and/or a matter of public safety. As such, procuring the good or service would require more time than is available. The project has an expedited timeline requiring immediate attention.	The need is neither critical nor a matter of public safety. The time required for the procurement process does not impact expected service levels. The project is not critical and does not require immediate attention.
Market Competition	The market does not have an adequate number of vendors to promote competition. The City did/would not receive an adequate number of bids or quotes to suggest that the City would benefit from procuring the good or service.	An adequate number of qualified vendors exist to promote market competition. An adequate number of qualified vendors have bid or submitted quotes, suggesting that the City may procure the good or service in a cost effective manner.
Service Levels	A vendor would/could not respond to City needs in a timely manner. A vendor would/could not provide the good or service at the level of quality expected by the City.	An external service provider would respond to the City's needs in a timely manner. An external service provider would provide a quality product that meets or exceeds the City's expectations.

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Decision Model Insource vs. Outsource		
Consideration	Justification to:	
	Insource	Outsource
Contract Oversight	The amount of time required to oversee vendor performance makes outsourcing ineffective, inefficient, or too costly.	Contract oversight can be completed by City's personnel in an effective, efficient, and cost effective manner.

Implementation Timeframe: Short-term (<6 months)

Risk if Not Implemented: **MEDIUM.** The City's decision to outsource (or insource) a service may result in higher costs and inadequate service provision to meet City and constituent needs.

Finding 10: The City's contract monitoring function does not include a formal review of performance or documentation of vendor performance in line with best practice.

Additional Detail: According to the Chartered Institute of Procurement & Supply (CIPS), monitoring is 'an integral part of the contract management function' for two reasons.⁶ First, monitoring ensures that the supplier is meeting the performance criteria. Second, monitoring enables management to identify opportunities for improvement.

According to CIPS, there are three essential data elements associated with monitoring supplier performance:

- > Gather factual, objective information related to performance including pricing compliance, whether quality standards are met, and other elements defined in the contract.
- > Obtain experiences from customers, including both residents and City employees.
- > Summarize the experience of working with the supplier.

Armed with this information, CIPS suggests creating a scorecard for each vendor and summarize the overall experience of working with the vendor as well as opportunities for improvement in each area of concern.

Recommendation 10: *We recommend that the City implement policies and procedures for monitoring vendors that flows from the framework established by CIPS, including a process in which the City scores vendor performance on a periodic basis.*

Implementation Timeframe: Long-term (>12 months)

⁶ Chartered Institute of Procurement & Supply, *Monitoring the Performance of Suppliers*, 2013.

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Risk if Not Implemented: MEDIUM. Monitoring is a critical element of internal control and, in the case of the Public Works Department, serves both to verify that a contractor is performing work in compliance with contract specifications and to verify that the City has a detailed record of a vendor's prior performance. When the contract monitoring function is not fully developed, a vendor may not complete work on time or on budget, provide the expected service level, or comply with other contract specifications. Moreover, without detailed records, the City is at risk of contracting with a vendor who performed poorly in prior work.

Fiscal Impact: Performing Cost Analysis

Finding 11: The City contracts out the majority of Public Works maintenance functions. While this may be cost effective in some areas, there are other areas where the City could provide these services more cost effectively. Additionally, due to the City's geographic location and other factors, sometimes only one bid may be received for a project. As a result, the City may be paying too much for services because there is only one vendor available. For instance, our analysis indicates that the City may be able to perform some miscellaneous asphalt and concrete repairs at a lower cost than that provided by Berry General Engineering Contract if sufficient staff resources were available

Additional Detail: When considering outsourcing services, the financial impact is the most important element for the City to consider. Although the City is considered a contract city, it must still consider whether its outsourcing decisions are financially beneficial over the life of a proposed contract.

The City must consider the following elements in its analysis:

- > Fixed Costs – Defined expenses that do not change as the function of the activity changes.
- > Variable Costs – Costs that vary depending on volume.

Example Analysis:

The City contracts with Berry General Engineering Contracting (Berry) for its miscellaneous asphalt and concrete repair typically associated with right-of-way maintenance. While it is necessary to contract out some of this work based on the size and complexity of a project, not all of it would need to be coThis is in addition to annual preventative maintenance and annual scheduled repairs of larger magnitude which is also contracted out. Berry's hourly labor rates range from \$79.00 (laborer) to \$139.00 (cement foreman with truck). Per a review of Berry's invoices for FY 2014/15, Berry billed the City for a total of 230 hours of labor related to miscellaneous street maintenance projects. In total, Berry charged \$24,187 in labor at a blended hourly rate of \$105.

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The difference between Berry's total charges to the City (\$59,621.52) and the total amount charged for labor (\$24,187) can be considered costs for equipment and material that the City may also have to incur to perform the work (\$35,435).^{*} Therefore, we have included them in the table below as "fixed costs". Although equipment and materials are variable costs, we cannot calculate the City's costs given the information included on Berry's invoices, we are making a conservative assumption that the City would incur similar costs when performing the work.

We calculated an hourly rate for City Streets Maintenance personnel for comparison purposes. We calculated a fully burdened hourly rate, inclusive of the PW Manager allocated between Streets and Parks, of \$63.86.

We then compared costs using the following table:

Table 15 – Outsourcing Evaluation Approach

Variable Costs	Cost Driver	Alternative 1:	Alternative 2:
		Outsource [^]	Insource
Hourly rate		\$ 105	\$ 64
Hours	230 ⁷	\$ 24,186.80	\$ 14,687.80
Fixed Costs			
Equipment/Materials	N/A	\$ 35,434.00	\$ 35,434.00
Total Costs			
		\$ 59,620.80	\$ 50,121.80

In the scenario above, we have calculated that the City pays \$41 more per hour of labor (\$105 - \$64), which meant that the City may have paid up to \$9,500 more for miscellaneous concrete and asphalt maintenance services as a result of outsourcing the work (\$59,620 - \$50,122).

Another way to compare these figures is to look at the total number of hours a City employee could have worked versus the number of hours billed by Berry. In total, Berry billed 230 hours at about \$105 per hour to arrive at \$24,187. A City employee could work 378.75 hours at a burdened rate of about \$64.

Conclusion: It is more costly for the City to outsource some of its miscellaneous street repair program to Berry. In this case, the City has the following options:

- > Go out to bid for the services currently performed by Berry and see if a reputable vendor can perform the work at the same or lower cost than a City employee, with the same level of service
- > Determine if existing personnel have the capacity to take on the additional work
- > If existing personnel do not have the capacity to take on additional work, determine if there are other services that can be insourced in order to hire an additional employee (can be full or part-time depending on amount of work required)

⁷ Obtained from a City provided report, "Accounts Payable Disbursement Report". November, 18, 2015.

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**Note: Per discussion with the City personnel, the City currently owns the equipment necessary to perform much of the work. As a result, the 'fixed costs' are likely less for the City than for the amount billed by Berry.*

^We did not consider costs associated with contract oversight in our analysis, which represent additional costs associated with an outsourced function (or a benefit related to insourcing a service). We recommend that the City begin to track the hours spent managing contracts and monitoring vendor performance as this is a key component to performing a cost analysis.

Recommendation 11: *We recommend that the City perform a detailed cost analysis for all non-emergency, smaller scale streets and parks repair and maintenance contracts that could be performed with in-house skilled labor. There is often the potential for even contract cities to perform the miscellaneous (many times unscheduled) repair projects in-house.* This can be due to the fact that contracted work may involve higher travel costs to the project site or inefficiencies related to mobilization and/or work force size due to a contractor's lack of site specific knowledge. In order to perform this analysis, the City will need the hourly rates of the contractor as well as the actual number of hours worked by the contractor.

If the City were to consider a contract or project in which the benefits differ depending on the alternative selected, we recommend that the City also include potential benefits in its analysis. That is, we recommend that the City perform a Cost-Benefit Analysis. In this case, the benefits (both financial and non-financial) could be considered positive cash flow and costs would be considered negative cash flow. Thus, a positive result indicates that benefits outweigh costs and that there is a positive return on investment (ROI).

If the City were to consider executing a long term contract with deferred costs and benefits, we recommend that the City discount costs and benefits in its analysis. For typical short-term contracts (1-3 years) where fixed and variable costs and benefits are generally constant year to year, discounting is not necessary.

We attempted to perform the 'Example Analysis' for all parks, streets, and engineering contracts. However, the contracts did not specify the necessary information needed for the analysis, such as hourly labor rates, equipment costs, or supplies. As such, we recommend that the City gather data on each contract to perform a cost analysis prior to future procurements. The City should gather, at a minimum, information related to labor rates, number of hours worked, equipment costs, and supply costs. This would require vendors to provide more detailed invoices than are currently provided.

Implementation Time Frame: Mid-term (6 to 12 months)

Risk if Not Implemented: **HIGH.** The City may pay more to outsource services than it would to utilize internal resources.

Summary of Contracting Recommendations

Recommendation 9: In order to 'mature' and optimize the City's outsourcing function, we recommend that the City implement a process for outsourcing that flows from the Government Finance Officers Association (GFOA) model.

Recommendation 10: We recommend that the City implement policies and procedures for monitoring vendors that flows from the framework established by CIPS, including a process in which the City scores vendor performance on a periodic basis.

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Recommendation 11: We recommend that the City perform a detailed cost analysis for all non-emergency streets and parks maintenance contracts that could be performed with in-house skilled labor. In order to perform this analysis, the City will need the hourly rates of the contractor as well as the actual number of hours worked by the contractor.

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Best Practice Alignment

A focus on continuous improvement is the hallmark of any well-run organization. The Public Works Department is one of these organizations and expressed that as part of this report; we review current practices against best practice and make recommendations on any notable gaps. We compared the City's processes and practices to industry standards, most notably the best practices documented by the American Public Works Association (APWA). The subsections below detail our analysis, findings, and recommendations.

Engineering Plan Review

Finding 12: Documented procedures related to the limits and scope for plan review for Planning Department projects are unclear or non-existent (i.e. the responsibilities for "onsite" vs. "offsite" review) and require more detailed definition to avoid project delays. Standard Operating Procedures (SOPs) and communication between the Planning and Public Works (Engineering) staff must be revised.

Additional Detail: The American Public Works Association (APWA) Public Work Management Practices Manual (8th ed.) contains the following recommended best practice for public works agencies:

"12.1 Responsible Charge: Organizational policies assign engineering design responsibilities for infrastructure."

"Agencies may be organized in various ways, ranging from individual functions to departments with a range of responsibilities. **Policies should state who is responsible for design and define when professional consultants are used. Interagency agreements or policies that provide for the sharing of design expertise or policies should be documented.** Infrastructure includes streets, bridges, alleys, sewers, drainage, water supply and distribution, wastewater treatment, public buildings, parks, lighting, parking facilities, gas and electric utilities, public transportation and airports."

Despite this APWA best practice being directed towards public works type projects, it is good general practice for all public agency infrastructure design and project management (public or private development). The City has experienced delay and confusion for projects managed by the Planning Department but that depend on the engineering expertise of the Department for technical portions of the plan review. While staffing availability within Public Works (i.e. vacant positions and heavy workload) is a large contributor, the lack of clear and documented SOPs for the sharing and collaboration of work on these types of projects is also a contributing factor to inefficient project management.

Similar to the APWA best practices (or best management practices – BMPs), a coalition of larger cities in California works together to create and update a document called the "California Multi-Agency CIP Benchmarking Study". This manual is directed towards CIP projects completed by larger agencies, but there are useful BMPs that can and should apply to all development projects in all sizes of municipalities. Recommended best practices that apply to the City include:

- > Develop and use a standardized Project Delivery Manual.
- > Establish the use of dashboards as a quick way to check project delivery performance for both internal and external reporting and that is easy to use, has appropriate level of transparency and is efficient.
- > Perform and use post project reviews to identify lessons learned.

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Recommendation 12: *We recommend that the Planning and Public Works Departments create a defined, documented procedure for project plan review that is specific in outlining plan review responsibilities, scope, and timeframes.* Responsibilities and scope of work should match skill sets and resources available to those staff while timelines should be visible to all parties and defined early on with realistic expectations for meeting quality standards. This will ensure quality project planning and design that meets the standards and expectations the City has set for infrastructure within the municipal boundaries.

Implementation Time Frame: Short-term (<6 Months)

Risk if Not Implemented: **MEDIUM.** The lack of clearly defined roles and responsibilities during the project plan review process may result in project delays. If the matter remains unresolved over a period of time, the relationship between the parties involved, the Public Works and Planning Departments, may become strained and hamper productivity.

Year-Round On-Call Schedule

Finding 13: Low staffing levels within the Public Works Maintenance Divisions makes it difficult to put a year-round on-call schedule in place where at least two workers are available to respond to call-outs at all times.

Recommendation 13: *This finding will be addressed by hiring the two recommended FTE for the Public Works Maintenance division. Hiring additional personnel in the maintenance division will provide additional staffing resources so that the City can develop a year-round on-call schedule.* The Public Works maintenance divisions will still be small compared to most organizations but the addition of two FTE will help in creating sustainable on-call schedule.

Additionally, we recommend that the City implement an Emergency call-out policy for situations which may require the entire crew to respond. In our experience, that has helped our clients insure that the appropriate number of staff are available for emergencies and that staff have equal access to overtime/call-out pay.

Implementation Time Frame: Short-term (<6 months)

Risk if Not Implemented: **LOW.** Although it is best practice to have a year-round on-call schedule, the City has been able to function without a formal year-round on-call schedule.

Standard Operating Procedures

Finding 14: Standard operating procedures have not been developed for several areas which can cause confusion in the way tasks should be performed and the way that processes flow between various positions and Departments.

Recommendation 14: *The City should begin documenting standard operating procedures and workflow diagrams starting with critical service areas. Documenting these procedures and the accompanied workflow will also help the City if they decide to implement a new ERP or financial system.*

Implementation Time Frame: Short-term (<6 months)

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Risk if Not Implemented: MEDIUM. Public Works processes may not function in the most effective and efficient manner, which may result in delays.

Service Level Expectations

Finding 15: Service level expectations from a customer and citizen standpoint have not been defined and no data is being collected on the satisfaction with City services. This makes it difficult for the City to measure its performance and define service level expectations from a customer and citizen perspective.

Recommendation 15: *The City should invest in a citizen and customer survey to determine the level of satisfaction with City services as it relates to permitting and public works.* Additionally, the City should clearly define service levels for each task performed by the City and its contractors and adjust these service levels, to the greatest extent possible, based on the results of the survey. Costs associated with providing services at these levels can be measured through the use of activity based budgeting.

Implementation Time Frame: Long-term (>12 months)

Risk if Not Implemented: LOW. The City may not be meeting the expectations of its citizens; on-going dissatisfaction may result in increased complaints and pressures on elected officials and senior management.

Safety & Risk

Finding 16: Safety is a critical component of the Public Works Maintenance function. However, there is an opportunity to enhance safety measures within the Public Works Maintenance Divisions through enhanced training and a formal safety management program.

Recommendation 16: *The City should add safety and risk management as one of the essential job functions to all Public Works maintenance related job descriptions.* This is an APWA best practice. A formal Safety Management Program for all employees who perform, inspect, or visit field operations should be implemented. The APWA recommends that the following components are included in part of a comprehensive Safety Management Program:

- > Up-to-date safety manual;
- > Safety performance reviews are conducted;
- > Specific policies and procedures for: hazardous materials, confined space, lock-out/tag-out (for electrical and mechanical equipment), personal protective equipment and work zone safety; and
- > Regular safety training for job-related duties⁸

Implementation Time Frame: Short-term (<6 months)

⁸ American Public Works Association. Public Works Management Practices Manual, 8th edition. 2014.

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Risk if Not Implemented: HIGH. The lack of a formal safety training program ultimately puts the City's personnel at risk of physical injury while in the field. Ultimately, the City would face financial and reputational risks in the event that City personnel are injured.

Scoping and Bid Specification Training

Finding 17: Many Public Works employees develop the scope and specifications for Public Works contracts, as they are the subject matter expert on the services or materials they are looking to purchase. However, formal training in best practices for writing scope and specifications has not been provided to all Public Works employees currently involved in the process.

Additional Information:

Typically, training on developing specifications should include the following minimum requirements:

- > Identify service levels (i.e., the minimum standard as to how work is to be performed)
- > Identify frequency and quantities (i.e., how often activities are to take place during the contract period)
- > Identify special conditions for performance of service (i.e., contractor qualifications, special permits or hours of operation for work site, or licenses)
- > Provide for maximum acceptable tolerances, enabling fair and equitable competition at both manufacturing and distribution levels
- > Allow for measurement, performance testing and acceptance or rejection upon delivery
- > Identify physical, functional, environmental and quality characteristics such as design, size, weight, power capacity, output, or grade of component
- > Provide accurate, clear, concise and unambiguous description of the product or service

Providing guidance on developing specifications will help both end users and all other parties involved in the procurement process by:

- > Expediting the procurement of the required services
- > Reducing the need to issue addenda to the specification
- > Ensuring the maximum participation of qualified vendors in the bidding process
- > Improving the quality and accuracy of the bids
- > Facilitating effective management of the project after contract award

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Recommendations 17a – 17b:

- > ***In order to expedite the contracting process as well as ensure that scope and specifications are accurately communicated, we recommend that the City train employees involved in issuing RFPs on how to develop specifications and scope of work.*** In order to ensure that best practices in scope development and bid specifications are followed and to expedite the contracting process, the City should provide training to Public Works employees for developing RFP/RFI/RFQ documents as well as contracts.
- > ***The City Attorney should approve template bid documents and contracts to ensure consistency and enhance efficiency in the procurement and contracting processes.***

Implementation Time Frame: Medium-term (6 to 12 months)

Risk if Not Implemented: **MEDIUM.** When bid specifications and/or the scope of work are vague or inaccurate, qualified vendors may not propose or bid on projects, resulting in a less competitive market. Moreover, the work performed by the vendor may not meet the true needs of the City as a result of inaccurate specifications in the bid documents.

Procurement Analysis

Finding 18: Analysis of the City's contracts and other purchases is not performed regularly. This allows for limited insight into the City's spending habits, especially for Public Works as they contribute to a large portion of the City's purchasing and contracted services. This may be due to insufficient staffing levels in the City.

Recommendation 18: ***In a previous recommendation we indicated that the City should hire additional administrative staff in the Department. This additional support may be able to assist with, or free up time for other employees to perform analytics on the Department's procurement activities.*** This is a key component of effectively managing the large amount of contracting that the Department performs. If capacity is available City-wide, these metrics should be analyzed for all City Departments. If the City is limited in its capacity to perform this analysis City-wide, analysis should be focused on high-dollar or large-volume purchases as those areas represent the largest risk.

Key metrics include:

- > Cost savings through contracting
- > Number of active contracts by division
- > Number of open bids/RFPs that have not been awarded
- > Percentage of spend through purchase orders and small dollar contracts
- > Procurement cycle time from the beginning of a sourcing process to the time that a contract is awarded
- > Response time between requisition submission and purchase order placement
- > Total contract expenditures to date by contract, division and type
- > Total contract award amount

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Implementation Time Frame: Medium-term (6 to 12 months)

Risk if Not Implemented: **LOW.** The City may be spending more than necessary to achieve its goals and miss opportunities to improve procurement processes as a result of not performing procurement analytics.

Succession Planning

Finding 19: The Public Works Department does not have a formal succession and workforce planning program. Especially in smaller communities where redundancy of personnel in functional areas is limited, succession and workforce planning is critical to the transfer of institutional knowledge and maintaining continuity in City operations.

Additional Information: The need for having a pipeline of talent in place, and the practical need for succession planning, regardless of the size of the organization, is something we have heard much discussion about in the public sector. We have heard stories about expected mass retirements from government service and the impact of the knowledge drain upon our ability to deliver services.

Succession and workforce planning present an opportunity to proactively identify and plan for staffing, training and knowledge needs. Doing so allows the City to predict where critical needs are in the organization, providing the necessary time to adjust programs, training and recruitment to meet these needs. This creates the “nimble and flexible” organization that is predicted to be critical to any organizations sustainability. An alignment of resources in an era of shrinking revenue levels ensures that the organization is operating as efficiently and effectively as possible.

Understanding that the City may be limited by their ability to purchase systems to track these types of activities, we recommend a Lean Succession Planning model which allows the organization to quickly implement a program and begin to identify organizational talent. The following chart provides a brief overview of this model:



1. The City would initiate a “Communication Plan” which is established to inform staff about the purpose and value of succession planning and the objectives and specific contents of the program. The communication plan provides a comprehensive framework for actions that will support the implementation of our succession planning efforts. The communication plan will confirm target audiences and best approaches to inform and engage all stakeholders in the program.
2. Validating annually the positions that the City considers for its succession plan is an important component of the review process. This ensures that the positions that were chosen the previous year for succession planning are still considered critical positions for the organization.

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3. In addition to validating the positions for succession planning, it is also necessary to validate the candidates that managers/supervisors have identified as potential successors for the positions. Over the course of a year, an employee may show improved performance, making them a consideration for succession; new entrants to the organization may also show promise; others may exit the organization and require replacement.
4. Competency management is a critical component of any succession planning process. This involves the identification of the competencies most important to the profession and then an inventory of them. A competency model is a collection of competencies that together define the potential for successful performance in a particular work setting.
5. The Training Plan provides specifics on how the City will work to bridge the gap between competency weaknesses in individuals as well as the workforce. This training plan would also be a coordinated effort to ensure that conferences, trainings and other learning activities are coordinated with performance and competency needs.
6. Development strategies are outlined for members of the leadership development pool based upon the results of their assessment in the previous step. It is important to note that this *must* be coordinated with a performance appraisal process. To add another procedure on top of the performance appraisal process poses a risk to the organization and the success of this program.

Lastly, the City should evaluate the effectiveness of the program and make adjustments where needed.

Recommendation 19: *To address potential future staffing concerns, we recommend that the City implement a lean succession planning program in order to address knowledge management and minimize the effects of turnover related to general attrition and retirements.*

Implementation Time Frame: Long-term (>12 months)

Risk if Not Implemented: **MEDIUM.** Retirements and turnover may result in the loss of institutional knowledge, and staff may not be adequately trained to take on the responsibilities of the individuals who leave the Public Works Department.

Cross-Training

Finding 20: Due to being understaffed and as a result of a lack of time and availability for City personnel, Public Works personnel are not cross-trained to perform tasks typically performed by other individuals. As a result, work cannot be completed in a timely manner when individuals are sick or on paid time off.

Recommendation 20: *We recommend that, as the Public Works Department staffs-up, the City begin cross-training its Public Works personnel.* Not only is this a best practice, but cross-training should ease the burden of taking time off and enable City personnel to step in to help burdened divisions within the Public Works Department when needed. Given the shortage of staffing within the Department, the City will not likely be able to implement this recommendation until staffing levels are increased within the Department.

Implementation Time Frame: Long-term (>12 months)

Risk if not Implemented: **MEDIUM.** Without cross-training, the Department will be more effected by sudden retirements, unplanned leave and other attrition. Cross-training helps maintain institutional knowledge and mitigates the risk of limited redundancy that is a trademark of having a small staff.

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Summary of Best Practice Recommendations

Recommendation 12: We recommend that the Planning and Public Works Departments create a defined, documented procedure for project plan review that is specific in outlining plan review responsibilities, scope, and timeframes.

Recommendation 13: This finding will be addressed by hiring the two recommended FTE for the Public Works Maintenance division. Hiring additional personnel in the maintenance division will provide additional staffing resources so that the City can develop a year-round on-call schedule.

Recommendation 14: The City should begin documenting standard operating procedures and workflow diagrams starting with critical service areas. Documenting these procedures and the accompanied workflow will also help the City if they decide to implement a new ERP or financial system.

Recommendation 15: The City should invest in a citizen and customer survey to determine the level of satisfaction with City services as it relates to permitting and public works. Additionally, the City should clearly define service levels for each task performed by the City and its contractors and adjust these service levels, to the greatest extent possible, based on the results of the survey. Costs associated with providing services at these levels can be measured through the use of activity based budgeting.

Recommendation 16: The City should add safety and risk management as one of the essential job functions to all Public Works maintenance related job descriptions. This is an APWA best practice. A formal Safety Management Program for all employees who perform, inspect, or visit field operations should be implemented. The APWA recommends that the following components are included in part of a comprehensive Safety Management Program:

Recommendations 17a – 17b:

- > In order to expedite the contracting process as well as ensure that scope and specifications are accurately communicated, we recommend that the City train employees involved in issuing RFPs on how to develop specifications and scope of work. In order to ensure that best practices in scope development and bid specifications are followed and to expedite the contracting process, the City should provide training to Public Works employees for developing RFP/RFI/RFQ documents as well as contracts.
- > The City Attorney should approve template bid documents and contracts to ensure consistency and enhance efficiency in the procurement and contracting processes.

Recommendation 18: In a previous recommendation we indicated that the City should hire additional administrative staff in the Department. This additional support may be able to assist with, or free up time for other employees to perform analytics on the Department's procurement activities.

Recommendation 19: To address potential future staffing concerns, we recommend that the City implement adopt a lean succession planning program in order to address knowledge management and minimize the effects of turnover related to general attrition and retirements.

Recommendation 20: We recommend that, as the Public Works Department staffs-up, the City begin cross-training its Public Works personnel.

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Performance Measurement

Performance management plays a critical role in achieving strategic goals and objectives. In recognition of the importance of performance management, the City began using performance measures in its most recent budgeting process. The performance measures are defined in the City's 2015/2016 Operating Budget. We commend the City in taking its first step in developing performance metrics.

Finding 21: The City recently implemented a performance management program. In order to improve its measures, the Department will need to continuously look to improve the program and align measures with strategic goals. This is a critical element to any performance management program.

Recommendation 21: *We recommend that, as the City continues to improve its performance management process, the City follow best industry best practices as described below.*

The Government Finance Officer Association's (GFOA) defines six principles for performance management:⁹

- > Information, measures, goals, priorities, and activities are relevant to the priorities and wellbeing of the government and community.
- > Information related to performance, decisions, regulations, and processes is transparent – easy to access, use, and understand.
- > Goals, programs, activities, and resources are aligned with priorities and desired results.
- > Decisions and processes are driven by timely, accurate, and meaningful data.
- > Practices are sustainable over time and across organizational changes.
- > Performance management helps to transform the organization, its management, and the policy making process.

To determine alignment with GFOA principles, it is important to evaluate if the City's performance metrics align with the City's priorities and desired results. For instance, the City's 2013 – 2015 Strategic Plan identifies the following city-wide strategies:

- > Preserve and enhance quality of life in Goleta
- > Ensure financial stability
- > Support economic vitality
- > Strengthen infrastructure
- > Return Old Town to be the vital center of the City
- > Maintain a safe community

We noted some instances where performance measures did not flow from the strategic goals of the City. For instance, the Engineering Division has established three goals related to on-time reporting to external parties. Although this is an important function of the division, it does not flow

⁹ Government Finance Officers Association (GFOA), *Performance Management Best Practices*, Accessed via: <http://www.gfoa.org/performance-management>

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from the strategies noted above. The Solid Waste & Environmental Services Division established a goal of increasing the number of businesses enrolled in the City's food waste collection program. While important to the division and consistent with recycling mandates, the number of businesses enrolled in the program does not materially impact any of the City's strategies.

The City should also consider the types of metrics it uses in its performance management program. The National State Auditors Association (NSAA) defines five categories of performance measures and recommends utilizing varying metrics to achieve strategic goals:¹⁰

- > Input Measures – show the amount of resources used for a specific service or program.
- > Output Measures – show units produced or services provided by a service or program.
- > Outcome Measures – show results of the services provided.
- > Efficiency Measures – reflect the cost per unit of output or outcome.
- > Explanatory Information – explain the environment and other factors that might affect the organization's performance.

We reviewed the City's performance measures to determine the type of metrics utilized. We noted that the City generally utilizes output measures. The following are examples of the City's output measures:

- > Number of Special Event Permits Issued (Administration)
- > Number of Facility Service Requests/Reponses (Facilities)
- > Acres of Turf Mowed (Parks)
- > Number of Concrete Access Ramps Installed (Streets)

We recommend that the City incorporate performance measures in all categories defined by NSAA as a means of better measuring performance against the City's overall strategies. To facilitate this process, the City should consider utilizing performance management best practices. If necessary, the City can seek guidance on improving its performance metrics. One useful resource for the City to consider is the International City/County Managers Association's (ICMA) Insights tool, which provides 900 examples of input, output, and outcome measures.

Implementation Time Frame: Long-term (>12 months)

Risk if Not Implemented: **LOW.** The use of a newly developed and maturing performance management program does not necessarily interfere with achieving the City's and the Department's strategic goals.

¹⁰ National State Auditors Association, *Best Practices in Performance Management*, Accessed via: http://www.doh.wa.gov/Portals/1/Documents/1000/PMC-Best_Practices_in_Performance_Measurement_Part_1.pdf

Conclusion

This report has provided several recommendations for the City to implement that will not only allow the City to improve the delivery of public works services but also position the Department to take on strategic initiatives and meet the increased demand for public works services. However, we do not advise that the City implement all of the recommendations in this report at one time. The City should focus first on the short-term, high risk recommendations as indicated in this report. After these recommendations have been implemented, the City should work through the remaining recommendations while continuously assessing changes to the City or Department environment that may impact the recommendations. We commend the City and the Department for participating in this study and their dedication to continuously improving service delivery.

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Appendix A

	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
1	Public Works	Engineering plan review is often behind schedule and/or rushed due to a lack of staffing resources and as a result of CIP project managers having a large backlog of work. Filling the current vacancies for the "Assistant Engineer," the "Sr. Engineer Technician," and the "Sr. Project Engineer" should alleviate some of the workload concerns.	<p>Based upon our analysis, the City's budgeted staffing model is in line with benchmark contract cities. As a result, we recommend that the City fill the three vacancies as soon as possible.</p> <p>We reviewed CIP budgets for comparable cities and noted that the City has substantially more Capital Improvement spending planned over the next five years. As a result, we recommend that the City reassess its staffing needs after filling the engineering vacancies as well as the proposed administrative position.</p> <p>*Refer to the section entitled 'CIP and Engineering' on page 14 for more information.</p>	Short-term (<6 months)	High
2	Public Works Maintenance	The Public Works Maintenance Division is understaffed compared to industry practices which may lead to hazardous working conditions, an over reliance on contractors and a lack of redundancy in the division.	<p>The benchmarking analysis indicates that the City is understaffed in its Parks & Open Space Maintenance and Streets Maintenance Divisions. As a result, we recommend that the City hire one additional Streets Maintenance Worker as well as one additional Parks Maintenance Worker.</p> <p>*Refer to the sections 'Streets Maintenance Personnel' on page 16 for the results of our benchmarking analysis and justification for additional personnel.</p> <p>With additional personnel, there may be opportunities for the City to complete smaller, in-house maintenance tasks such as sidewalk repair and other minor concrete/asphalt repairs. This would promote City crew to develop skilled labor capabilities and potentially save money on contracted work with high mobilization costs relative to the value of the actual work being performed. We perform additional analysis and make recommendations for an improved framework for outsourcing decisions in the section entitled 'Contracting' beginning on page 33.</p>	<p>Mid-term (6 to 12 months)</p> <p>– The City may need to wait until the next budget cycle to have this position approved</p>	High

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
3	Public Works Administration	The Department does not have sufficient administrative support staff. Therefore, most employees perform administrative tasks such as copying, filing and scheduling. This indicates that employees are not being used to their best and highest potential and spend time focusing on tasks outside their essential job functions. Additionally, the high amount of contracts administered and managed within the Department require that staff spend significant time performing procurement related tasks. Staff time should be freed up to focus on the essential duties within each position description.	<p>The results of the benchmarking analysis indicate that the City should hire one additional administrative position. The position should be mostly allocated between the CIP and Solid Waste and Environmental Services Divisions of the Public Works Department.</p> <p>The personnel supported by the proposed administrative position would have the ability to focus on their essential job functions and tasks that align with their subject matter expertise.</p> <p>*Refer to the section entitled 'Administrative Support Personnel' on page 20 for benchmarking results as well as an outline of realigned job duties with the addition of the administrative position.</p>	<p>Mid-term (6 to 12 months) – The City may need to wait until the next budget cycle to have this position approved</p>	High
4	Public Works	The Public Works Department has a high-amount of contracted work therefore, staff spend a significant amount of time on purchasing tasks such as entering purchase requisitions, generating POs, compiling RFP/RFQ/RFI information, bid tabulation and contract administration, which are more administrative in nature. These tasks are performed by staff at all levels of the organization and are often not aligned with primary work responsibilities of staff. Additional administrative support for purchasing activities is needed within the Department.	As part of the organizational structure recommendations, we recommend that the City hire an additional administrative position to support the Public Works Department. Adding an additional administrative support will allow the entire administrative support pool within the Department to complete tasks related to purchasing and other administrative duties so that other Department staff can focus on their primary job responsibilities.	<p>Mid-term (6 to 12 months) – The City may need to wait until the next budget cycle to have the Administrative position approved</p>	High

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
5	City-wide	Technology changes rapidly and requires dedicated resources to implement and manage as a long term investment. The City could benefit from a technology evaluation and the development of a strategic plan to ensure that appropriate applications are in place and managed effectively to support operations. There appears to be an underinvestment in some technology resources, which puts a further strain on the ability of City staff to meet deadlines and perform efficiently.	<p>The City should work to strengthen IT Governance. Specifically, the City should develop a strategic plan for IT that includes organization wide as well as department-specific goals and objectives while also evaluating the required IT human capital support required to carry out those goals.</p> <p>*Refer to the 'IT Governance' section below on page 25 for more information.</p>	Mid-term (6-12 months)	High
6	City-wide	The City's current financial system, Incode, is not meeting all of the City's needs. It is unclear if this is due to a lack of upgrades being made to the system, a deficit in system functionality, or that the City is not using the system to its fullest capacity. The City has budgeted \$450,000 for a "Finance Software upgrade".	The City should perform a needs assessment study for all City departments to determine what the needs of a financial or ERP system would be. The City should use this as a gap analysis to determine which needs are not being met by the current system, Incode. Once the gaps are determined, the City can evaluate an approach to correct these gaps, e.g. by updating their version of Incode, (if an upgrade would provide additional functionality) providing users with additional system training or procuring a new ERP system. If after the needs assessment, the City decides to purchase a new ERP system, we have provided some best practice guidance in the ' Financial/ ERP System Evaluation ' section on page 26.	Long term (> 12 months)	Medium

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
7	Public Works / Planning IT	The City has purchased Magnet permitting software and has owned the licenses for several years but has not implemented the system. Instead, the focus has been on digitizing the City's data and documents related to permitting so that they can be added to the new system. The lack of automation in the City's permitting process is a pain point.	The City should expedite the implementation of the permitting software and enable the use of the software for all of those involved with the permitting process. An increased ability to use technology can ease some of the burden of being understaffed. The Department has been only minimally involved with the needs assessment and implementation of the software to this point despite the fact they will likely be users of the system. The Department should be more involved in the process and consideration should be given to expediting the software's "go-live" for aspects not directly related to the adoption of the new City Zoning Ordinance, which seems to be the main reason for the delayed release. Additionally, while the software implementation is expected to result in a net increase in efficiency, there will likely be additional IT support needs associated with the system that the City must consider. See the ' Permitting Software Implementation ' section below on page 27 for additional detail.	Mid-term (6-12 months)	High
8	Public Works Planning Administration City-Wide	Several City Departments have software, hardware, and associated training needs that are not currently being met.	The City should evaluate the need for additional Software & Hardware Resources and Training including the following: <ul style="list-style-type: none"> > CAD Software Licenses for Engineers > GIS Upgrade > Incode Time Tracking Revisions for Project and Task Based Entries > Electronic Work Order System > All-inclusive Project Management Tool > Mobile Technology > Software Training and SOPs Refer to the ' Software and Hardware Resources and Training ' section on page 29 for details.	Long term (> 12 months)	High

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
9	City-wide	The City has not optimized its decision making framework for contracting, making it difficult for the City to analyze when to insource and outsource services. Implementing a formal framework would enable the City to consider financial and non-financial elements in its decision-making process.	The City should develop a formal approach to making decisions regarding insourced vs. outsourced services. This framework should include a cost-benefit analysis and take into consideration several other factors including the availability of local vendors and the risk of outsourcing the service. *Refer to the ' Outsourcing Decision Framework ' section on page 33 for additional information.	Short-term (<6 months)	Medium
10	City-wide	The City's contract monitoring function does not include a formal review of performance or documentation of vendor performance in line with best practice.	We recommend that the City implement policies and procedures for monitoring vendors that flows from the framework established by the Chartered Institute of Procurement & Supply (CIPS), including a process in which the City scores vendor performance on a periodic basis.	Long-term (>12 months)	Medium
11	Public Works Maintenance	The City contracts out the majority of Public Works maintenance functions. While this may be cost effective in some areas, there are other areas where the City could provide these services more cost effectively. Additionally, due to the City's geographic location and other factors, sometimes only one bid may be received for a project. As a result, the City may be paying too much for services because there is only one vendor available.	Our analysis indicates that the City may be able to perform some street maintenance services at a lower cost than that provided by Berry General Engineering Contract for small jobs. We recommend that the City take action to reduce these costs – potential actions are outlined in detail below. Because services are not billed on an hourly basis, we were not able to perform similar analysis for other services including sidewalk repairs, parks maintenance, and right of way maintenance. We recommend that the City perform a cost analysis for these and other outsourced services as outlined in the framework below.	Mid-term (6 to 12 months)	High

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
12	Engineering (Planning & Public Works)	Documented procedures related to the limits and scope for plan review for the Planning Department projects are unclear or non-existent (i.e. the responsibilities for "onsite" vs. "offsite" review) and require more detailed definition to avoid project delays. SOPs and communication between the Planning and Public Works (Engineering) staff must be revised.	<p>We recommend that the Planning and Public Works Departments create a defined, documented procedure for project plan review that is specific in outlining plan review responsibilities, scope, and timeframes. Responsibilities and scope of work should match skill sets and resources available to those staff while timelines should be visible to all parties and defined early on with realistic expectations for meeting quality standards. This will ensure quality project planning and design that meets the standards and expectations the City has set for infrastructure within the municipal boundaries.</p> <p>This is a general best practice suggested by agencies such as APWA and the CA Multi-Agency CIP Benchmarking Study group</p> <p>*Refer to the 'Engineering Plan Review' section on page 43 for details.</p>	Short-term (<6 months)	Medium
13	Public Works Maintenance	Low staffing levels within the Public Works Maintenance Divisions makes it difficult to put a year-round on-call schedule in place where at least two workers are available to respond to call-outs.	This finding will be addressed by hiring the two recommended FTE for the Public Works Maintenance division. Hiring additional personnel in the maintenance division will provide additional staffing resources so that the City can develop a year-round on-call schedule. Additionally, the City should have an Emergency call-out policy for situations which may require the entire crew to respond. In our experience, that has helped our clients insure that the appropriate number of staff are available for emergencies and that staff have equal access to overtime/call-out pay.	Short-term (<6 months)	Low

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
14	City-wide	Standard operating procedures have not been developed for several areas which can cause confusion in the way tasks should be performed and the way that processes flow between various positions and Departments.	The City should begin documenting standard operating procedures and workflow diagrams starting with critical service areas. Documenting these procedures and the accompanied workflow will also help the City if they decide to implement a new ERP or financial system.	Short-term (<6 months)	Medium
15	Public Works / Planning	Service level expectations from a customer and citizen standpoint have not been defined and no data is being collected on the satisfaction with City services. This makes it difficult for the City to measure its performance and define service level expectations from a customer and citizen perspective.	The City could benefit by a citizen and customer survey to determine the level of satisfaction with City services as it relates to permitting and public works.	Long-term (>12 months)	Low
16	Public Works Maintenance	Safety is a critical component of the Public Works Maintenance function. However, there is an opportunity to enhance safety measures within the Public Works Maintenance Divisions through enhanced training and a formal safety management program.	<p>The City should add safety and risk management as one of the essential job functions to all Public Works maintenance related job descriptions. This is an APWA best practice. A more formal Safety Management Program for all employees who perform, inspect, or visit field operations should be implemented. The APWA recommends that the following components are included in part of a comprehensive Safety Management Program:</p> <ul style="list-style-type: none"> > Up-to-date safety manual; > Safety performance reviews are conducted; > Specific policies and procedures for: hazardous materials, confined space, lock-out/tag-out (for electrical and mechanical equipment), personal protective equipment and work zone safety; and > Regular safety training for job-related duties¹¹ 	Short-term (<6 months)	High

¹¹ American Public Works Association. Public Works Management Practices Manual, 8th edition. 2014.

City of Goleta – Operational and Organizational Assessment of the Public Works Department

	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
17	Public Works	<p>Many Public Works employees develop the scope and specifications for their contracts as they are the subject matter expert on the services or materials they are looking to purchase. However, formal training in best practices for writing scope and specifications has not been provided to all Public Works employees currently involved in the process.</p>	<p>In order to ensure that best practices in scope development and bid specifications are followed, The City should provide training to Public Works employees for developing RFP/RFI/RFQ documents as well as contracts. Additionally, bid documents and contracts should have approved templates developed by the City Attorney to ensure consistency and enhance efficiency in the procurement and contracting processes.</p> <p>*Refer to the ‘Scoping and Bid Specification Training’ section on page 46 for additional details.</p>	<p>Medium-term (6-12 months)</p>	<p align="center">Medium</p>
18	City-wide	<p>Analysis of the City's contracts and other purchases is not performed regularly. This allows for limited insight into the City's spending habits, especially for Public Works as they contribute to a large portion of the City's purchasing and contracted services. This may be due to insufficient staffing levels in the City.</p>	<p>In a previous recommendation we indicated that the City should hire additional administrative staff in the Department. This additional support may be able to assist with, or free up time for other employees to perform analytics on the Department's procurement activities. This is a key component of effectively managing the large amount of contracting that the Department performs. If capacity is available City-wide, these metrics should be analyzed for all City Departments.</p> <p>Key metrics include:</p> <ul style="list-style-type: none"> > Cost savings through contracting > Number of active contracts by division > Number of open bids/RFPs that have not been awarded > Percentage of spend through purchase orders and small dollar contracts > Procurement cycle time from the beginning of a sourcing process to the time that a contract is awarded > Response time between requisition submission and purchase order placement > Total contract expenditures to date by contract, division and type 	<p>Medium-term (6-12 months)</p>	<p align="center">Low</p>

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
19	Public Works	The Public Works Department does not have a formal succession and workforce planning program. Especially in smaller communities where redundancy of personnel in functional areas is limited, succession and workforce planning is critical to the transfer of institutional knowledge and maintaining continuity in City operations.	The City should adopt a lean succession planning program in order to address knowledge management and minimize the effects of turnover related to general attrition and retirements. *Refer to the ' Succession Planning ' section on page 48 for additional information.	Long-term (>12 months)	Medium
20	Public Works	Due to being understaffed and as a result of a lack of time and availability for City personnel, Public Works personnel are not cross-trained to perform tasks typically performed by other individuals. As a result, work cannot be completed in a timely manner when individuals are sick or on paid time off.	We recommend that, as the Public Works Department staffs-up, the City begin cross-training its Public Works personnel. Not only is this a best practice, but cross-training should ease the burden of taking time off and enable City personnel to step in to help burdened divisions within the Public Works Department when needed.	Long term (> 12 months)	Medium

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	Functional Area	Finding	Recommendation	Implementation Time Frame	Risk if not Implemented
21	City-wide	The City recently implemented a performance management program. In order to improve its measures, the Department will need to continuously look to improve the program and align measures with strategic goals. This is a critical element to any performance management program.	<p>We recommend that, as the City continues to improve its performance management process, the City follow best industry best practices including:</p> <ul style="list-style-type: none"> > Information, measures, goals, priorities, and activities are relevant to the priorities and wellbeing of the government and community. > Information related to performance, decisions, regulations, and processes is transparent – easy to access, use, and understand. > Goals, programs, activities, and resources are aligned with priorities and desired results. > Decisions and processes are driven by timely, accurate, and meaningful data. > Practices are sustainable over time and across organizational changes. > Performance management helps to transform the organization, its management, and the policy making process. 	Long term (> 12 months)	Low