



MEMORANDUM

TO: City Council

FROM: Matthew Downing, City Manager
Bill Robeson, Assistant City Manager/Director of Public Works
Ashley Garcia, Human Resources Officer

BY: Aleah Bergam, Management Analyst

SUBJECT: Operational and Organizational Assessment

DATE: May 13, 2025

RECOMMENDATION:

- 1) Receive the Report and Recommendations in the Operational and Organizational Assessment; and
- 2) Direct staff to move forward with incorporating specific priority recommendations as Service Level Requests into the FY 2025-27 Biennial Budget.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The fiscal impact in Table 1 below anticipates funding the Economic Development Coordinator on October 1, 2025, and the Assistant City Manager on January 1, 2027. For recommendation 12, staff has identified a software platform that can help automate and organize Public Records Requests and is requesting funding for that software as part of the budget process.

Several recommendations in the report do not have a fiscal impact or are already funded and are listed in Table 1 below with no dollar amount listed in the fiscal impact columns. These recommendations are operational and do not need additional resources to accomplish. Examples of these recommendations include formalizing the Planning Manager supervisory responsibilities to reduce the Director's span of control, retitling the Executive Secretary in Human Resources to Human Resources Specialist and establishing a framework to evaluate special events programming. The report recommended incorporating modernization efforts to streamline and reduce paper-based processes, replace software, and leverage the upcoming IT Master Plan to determine needs. Streamlining processes and leveraging existing technology does not have an immediate fiscal impact. Recommendation 5, Continue modernization efforts to streamline and reduce paper-based processes, is already in progress with the Utility

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Billing/Payroll software implementation of Tyler Technologies' Munis. The funding for the implementation of Tyler Technologies' Munis is already in the CIP Program Budget.

Some of the recommendations listed below include a possible revenue increase or a budget decrease and savings to the General Fund. Collecting review fees at the time of application is anticipated to lead to a revenue increase, due to the change in when payments are received. Plan review fees are based on customer need, and exact estimates are hard to calculate without historical data. The revenue estimates have not yet been adjusted but will be reviewed when this change is made. In addition, for Recommendation 16, one of the restructuring changes in the Engineering Division includes reclassifying the Assistant Project Manager to an Engineering Technician, which is an estimated budget decrease in both FY 2025-26 and FY 2026-27. Staff anticipates reclassifying the Engineering Inspector to Assistant Engineer, which has no fiscal impact. For Recommendation 18, the transition of TBID to the newly established Economic Development Program would decrease the General Fund Budget as this transition would fund 50% of the position with TBID funds.

The total fiscal impact of all the requested recommendations to implement in the FY 2025-27 Budget is an on-going net savings to the general fund.

The remaining recommendations will be considered in the development of future budgets, as resources and Council Goals change.

Table 1: Estimated Fiscal Impact of Specific Priority Recommendations

Number	Recommendation	General Fund Impact	
		FY 2025-26	FY 2026-27
1	Add one Assistant City Manager (1.0 FTE) to the organization.	\$ -	\$ 135,900
3	Establish a proactive Economic Development Program.	-	-
4	Create an Economic Development Coordinator to support the Economic Development Program.	82,875	114,400
5	Continue modernization efforts to streamline and reduce paper-based processes	-	-
6	Formalize Planning Manager supervisory responsibilities to reduce the Director's span of control.	-	-
9	Collect plan review fees at the time of application.	-	-
11	Retitle the part-time Executive Secretary position in HR to Human Resources Specialist.	-	-
12	Develop a plan to automate the public records requests by leveraging existing software to the greatest extent possible.	12,000	12,000
16	Restructure engineering resources to align with Council infrastructure goals.	(32,200)	(33,300)
18	Transition the Tourism Business Improvement District (TBID) responsibilities to the Economic Development Program.	(83,938)	(99,700)
19	Establish a framework to evaluate special events programming.	-	-
		\$ (21,263)	\$ 129,300

BACKGROUND:

In the FY 2023-25 City Council Goals workplan, specifically under the "Funding" goal, the Council directed to Evaluate and Obtain Economic Development management services.

In reviewing peer agencies and their specific models for Economic Development management services, staff concluded the need for a focused organizational assessment in order to determine how Economic Development management services should be

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incorporated into the City structure and to evaluate the structure, staffing, supervision, succession planning, and operational efficiency of all City departments with the exception of Police and Public Works operations.

On October 3, 2024, the City issued a request for proposals (RFP) for an Operational and Organizational Assessment. In November 2024, after reviewing 9 proposals, the City selected Raftelis to conduct the operational and organizational assessment and executed a contract with Raftelis in December 2024.

The work program consisted of four phases below:

1. Project Kick-Off
2. Complete Staff Interviews and Onsite Work
3. Conduct Organizational and Operations Assessment
4. Prepare Deliverables

The process began in January 2025, with a kick-off meeting with the City's designated project team to review the details and expectations of this assessment. Next, Raftelis completed a site visit to engage with City staff the week of January 6, 2025. The project team met with 28 staff members from several City departments, including the City Manager's Office, Community Development, Administrative Services, Legislative and Information Services, Recreation Services, and Public Works. The employee interviews gave the consultant team a better understanding of how work is performed and the specific challenges and opportunities related to staff capacity, organizational structure, workload management, and work planning. Additionally, the consultant team reviewed and analyzed data provided by the City, including but not limited to staffing and budget histories, available planning documents, and other documentation that details the operations and service-delivery approach. When appropriate, the information was compared to best practices guidelines from industry organizations and agencies. It was also compared to comparable cities on the Central Coast, chosen based on city size, organizational structure, and demographic profiles. These peer cities include:

- City of Atascadero
- City of Grover Beach
- City of Morro Bay
- City of Pismo Beach

ANALYSIS OF ISSUES:

Operational and Organizational Assessment Overview

The City partnered with Raftelis to conduct an operational and organizational assessment to help identify opportunities to meet City Council goals through organizational effectiveness and efficiency. City staff work diligently to meet the service level expectations of the community; however, as the community's preferences and needs continue to grow and evolve, staff wanted to assess whether the current structure and

staffing composition best support community needs. Moreover, staff wanted to identify opportunities to streamline or modernize longstanding processes through technology or improved functional alignment that enhances service delivery and optimizes staff skills and abilities.

The attached assessment (Attachment 1), prepared by Raftelis, includes a review of all City departments except Police and Public Works operations. The report includes evaluated opportunities for revenue growth through economic development efforts. Within the scope of departments included in the study, Raftelis engaged nearly every staff member through interviews and focus groups. The discussion focused on their roles and responsibilities, workload drivers, service level expectations, and opportunities for improvement. The work was augmented by data and benchmarking analysis, industry best practices, and the consultant team's experience working in and for local governments nationwide and in California.

During the assessment, the consultants identified that the workload drivers and service level expectations continue to outpace resource capacity, especially as it relates to staffing. For an organization where staffing levels have only grown modestly over the past several years (once adjusted for Recreation Services program changes), the staffing and structural recommendations in the report recognize the need for strong collaboration across key functions to achieve City Council goals. Some examples include capital planning and delivery, infrastructure maintenance and program delivery, and customer service responsiveness.

Recommendations for new positions were carefully considered against the City's financial backdrop while also identifying where full-time resources will be needed in the future and providing space for prioritization and implementation of such recommendations. Guiding principles for new positions included appreciation for whether the workload justified a full-time resource to meet current and future demand and the City's desire to have various positions functioning at their highest and best use. Key processes were also explored as part of identifying core services across the various departments. Operational efficiency recommendations highlight opportunities to enhance staff's productivity through modernization efforts that improve transparency, responsiveness, and workflow. Once implemented, these recommendations support more effective processes that augment technology and reduce the amount of time staff spend completing various tasks.

Table 2 highlights the recommendations detailed in this report. Within each department, recommendations were grouped first by structure and staffing changes, then by opportunities to enhance operational efficiency. The recommendations are not in priority order.

Table 2: Summary of Report Recommendations

Number	Recommendations
Citywide	
1	Add one Assistant City Manager (1.0 FTE) to the organization.
2	Divide functional responsibilities between the City Manager and the Assistant City Manager to provide additional capacity and strategic oversight.
3	Establish a proactive Economic Development Program.
4	Create an Economic Development Coordinator to support the Economic Development Program.
5	Continue modernization efforts to streamline and reduce paper-based processes.
Community Development	
6	Formalize Planning Manager supervisory responsibilities to reduce the Director's span of control.
7	Increase the Community Development Department Office Assistant position from part-time to full-time.
8	Replace Adobe® for plan review with Bluebeam®.
9	Collect plan review fees at the time of application.
City Manager's Office	
10	Add one full-time Executive Secretary position responsible for central reception and administrative support in City Hall.
11	Increase the part-time Executive Secretary position in HR to full-time and retitle to Human Resources Specialist.
Legislative and Information Services	
12	Develop a plan to automate the public records requests by leveraging existing software to the greatest extent possible.
Administrative Services	
13	Add one Senior Accounting Clerk to the Finance Department.
14	Leverage the upcoming IT Master Plan to determine staffing levels.
Public Works	
15	As part of succession planning, remove the Assistant City Manager responsibility from the Director position and officially designate the City Engineer as the Department Assistant Director.
16	Restructure engineering resources to align with Council infrastructure goals.
17	Develop a formalized Asset Management Program.
Recreation Services	
18	Transition the Tourism Business Improvement District (TBID) responsibilities to the Economic Development Program.
19	Establish a framework to evaluate special events programming.

Priority Recommendations Staff Recommends Incorporating into the FY 2025-27 Budget

Staff is requesting direction from Council on incorporating specific priority recommendations into the FY 2025-27 Biennial Budget. Staff is aware of budgetary and time constraints and has prioritized specific recommendations to implement in the short-term and to allocate funding and time in the next biennial budget. The priority recommendations are:

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- Raftelis Recommendation 4: Create an Economic Development Coordinator to support the Economic Development Program.
 - Hiring an Economic Development Coordinator is in direct support of the FY 2025-27 Council Goal of “Pursue New Revenue Sources”. An Economic Development Coordinator executes strategy to attract, retain and expand business within the City.
 - Staff proposes funding this position on October 1, 2025.
- Raftelis Recommendation 3: Establish a proactive Economic Development Program
 - Developing a proactive Economic Development Program is in direct support of the FY 2025-27 Council Goal of “Pursue New Revenue Sources”. An economic development program supports future revenue growth through supporting commercial development which in return will promote and enhance the City’s overall tax base. There is a minor fiscal impact to establishing a proactive Economic Development Program.
- Raftelis Recommendation 1: Add one Assistant City Manager (1.0 FTE) to the organization.
 - The City’s organizational structure currently relies on the City Manager to oversee staff within the City Manager’s Office, each department head and contracted or supporting agencies (e.g., City Attorney, FCFA). The result of this large span of control inevitably leads to the City Manager being heavily involved in day-to-day operations and management of all City departments, leaving limited time available for community engagement and pursuing strategic City priorities. A separate and distinct, full-time Assistant City Manager is recommended to divide functional oversight responsibilities and provide additional capacity. This kind of personnel investment is significant given the City’s financial context overall and is common among other benchmarking communities. This additional executive-level position allows leadership to be more responsive to the day-to-day needs of the organization as well as the Council's and community's long-term goals.
 - Staff proposes funding this position on January 1, 2027.
- Raftelis Recommendation 5: Continue modernization efforts to streamline and reduce paper-based processes.
 - The City is already in progress with the Utility Billing/Payroll software implementation of Tyler Technologies’ Munis. The funding for the implementation of Tyler Technologies’ Munis is already in the CIP Program Budget, but there is still an opportunity to utilize current technology to streamline processes and reduce paper-based processes.

- Recommendation 6: Formalize Planning Manager supervisory responsibilities to reduce the Director's span of control.
 - There is no fiscal impact to formalizing the Planning Manager supervisory responsibilities to reduce the Director's span of control, but implementing this change will allow the Director to serve a more elevated role in the various strategic priorities of the City. Per the report from Raftelis, it is a best practice to assign supervisory responsibility to the Planning Manager for the day-to-day operations of the Planning Division. The Associate Planner, Assistant Planner, and Permit Technician will report directly to the Planning Manager. In many local government community development departments, operational supervision is assigned to a Planning Manager, a Building Official, and, at times, a Code Enforcement Officer who reports to the Director. These positions provide daily oversight and accountability for the performance of the functional areas. Formalizing the Planning Manager's oversight of the Planning Division staff creates structural alignment within the department, resulting in one direct report to the Director for each core function.
- Recommendation 9: Collect plan review fees at the time of application.
 - Currently, no fees are collected for plan review at submittal; they are instead collected when the permit is issued. It is best practice to determine and collect fees at the time of application submittal to ensure optimal cost recovery for staff time spent reviewing a project. Revenue collection also suffers if the application is not approved or if the applicant decides not to seek a building permit for some reason.
 - The City will see a revenue increase in FY 2025-26 due to the change in when payments are received. Plan review fees are based on customer need and exact estimates are hard to calculate without historical data. The revenue estimates have not yet been adjusted but will be reviewed when this change is made.
- Recommendation 11: Retitle the part-time Executive Secretary position in HR to Human Resources Specialist.
 - There is no fiscal impact in retitling the part-time Executive Secretary position in HR to Human Resources Specialist.
- Recommendation 12: Develop a plan to automate the public records requests by leveraging existing software to the greatest extent possible.
 - Staff is requesting funding for a software platform that can help automate and organize Public Records Requests, which will save staff time and free resources for other work. It will also reduce manual effort, ensure timely responses, and minimize non-compliance risk.

- Recommendation 16: Restructure engineering resources to align with Council infrastructure goals.
 - The current Assistant Projects Manager position is vacant, which creates an opportunity to restructure this position to an Engineering Technician and provide dedicated capacity for full-time design and inspections of capital projects. This allows other engineers within the division to focus on design review and contract management to expedite implementation. In turn, this relieves the City Engineer from project management and allows for more department and staffing management to ensure effective operations and accountability for service delivery. In addition, this position will relieve the City Engineer and senior engineers from day-to-day field work and allow them to focus more on strategic implementation of the capital projects plan. It also offers a career path for entry-level staff to join the division and look forward to promotional opportunities. Based on Raffetis' experience in the engineering industry recruitment field, it is quite difficult to hire qualified senior-level engineers, and an entry-level offers a startup opportunity and exposure to working with and learning from experienced staff within the division.
 - Reclassifying the Engineering Inspector to Assistant Engineer has no fiscal impact and reclassifying the Assistant Project Manager to an Engineering Technician, is estimated to be a budget decrease in FY 2025-26 and FY 2026-27.
- Recommendation 18: Transition the Tourism Business Improvement District (TBID) responsibilities to the Economic Development Program.
 - This recommendation impacts the staffing composition and core services for the Recreation Services Department. The proposed reclassification of the part-time Recreation Specialist position reduces overall staffing levels; however, as part of workload assessment and review, this position spent nearly all its time on TBID-related activities. In addition, TBID's responsibilities also fell to the Director. Removing this program from Recreation Services should ultimately provide enhanced capacity for the Director to provide strategic oversight for the department's two core functions: recreation programming and special events.
 - Staff recommends funding 50% of this position with TBID funds.
- Recommendation 19: Establish a framework to evaluate special events programming
 - Interviews indicated that there is limited bandwidth in Recreation for strategic priorities, such as strengthening sponsorship solicitation materials, and the risk of staff burnout or diminished service delivery if the events calendar becomes overprogrammed. To ensure the most efficient use of limited staff resources, the City will develop guidelines and a framework to evaluate special events each year, which could include identifying relevant

metrics for event types, such as learning opportunities or cost recovery. Based upon the developed framework, Recreation Services staff can focus upon a limited number of well-planned events and reserve some staff capacity for other important tasks.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Receive and file the operational and organizational assessment completed by Raftelis and direct staff to incorporate priority recommendations 1, 3, 4, 5, 6, 9, 11, 12, 16, 18, and 19 into the FY 2025-27 Biennial Budget;
2. Direct staff to incorporate alternative recommendations or only certain priority recommendations into the FY 2025-27 Biennial Budget; or
3. Provide other direction to staff.

ADVANTAGES:

Incorporating priority recommendations from the Operational and Organizational Assessment will increase overall City operational efficiency and staff responsiveness to the community. Allocating the funding to implement priority recommendations will increase organizational efficiency and improve operations and elevate the City to be in line with peer agencies and their corresponding staffing levels.

DISADVANTAGES:

Staff has not identified any disadvantages of receiving and filing the operational and organizational assessment and authorizing staff to incorporate select recommendations into FY 2025-27 Biennial Budget.

ENVIRONMENTAL REVIEW:

Receiving and filing the Organizational Assessment and authorizing staff to incorporate select recommendations into the FY 2025-27 Budget is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060 (c)(2) and (3), 15378.) Alternatively, receiving and filing the Organizational Assessment and authorizing staff to incorporate select recommendations into the FY 2025-27 Budget is exempt from CEQA on the basis that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (State CEQA Guidelines, § 15061, subd. (b)(3).)

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Operational and Organizational Assessment