

CITY OF

Arroyo Grande

Operational and Organizational Assessment

Project Report / May 2025

May 2, 2025

Matthew Downing
City Manager
City of Arroyo Grande
300 E. Branch Street
Arroyo Grande, CA 93420

Subject: Operational and Organizational Assessment Report

Dear Mr. Downing:

Raftelis is pleased to provide you with this Operational and Organizational Assessment Report for the City of Arroyo Grande (City). This assessment sought to align organizational structure and staffing with City goals and service levels, review opportunities for operational efficiency, and evaluate options to enhance the City's approach to economic development. With the exception of Police and Public Works operations, this report summarizes our analysis of Citywide and departmental staffing and service levels that led to recommendations on resourcing, structure, and opportunities to enhance operational effectiveness. The recommendations were informed by our work with local governments across the country, industry best practices, workload data provided by the City, and peer benchmarking analysis.

The City of Arroyo Grande is fortunate to have dedicated, talented, and experienced employees. Employees are proud of the work they do to support the community. The recommendations included in this report will enable the City to build on existing strengths, improve efficiency and effectiveness, and continue the City's reputation for excellence.

Thank you for the opportunity to partner with the City in this important effort.

Sincerely,

A handwritten signature in black ink, reading 'Jonathan R. Ingram'.

Jonathan Ingram
Vice President - Organizational Assessment
P: 513.221.0500 / E: jingram@raftelis.com

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Executive Summary

Nestled in California's central coast region, the City of Arroyo Grande is a growing community that recognizes its agricultural roots, iconic downtown village, and history of meeting community needs through thoughtful investment and financial management. The City Council has set ambitious goals that build on the organization's strengths through continued infrastructure investment, economic development and vitality, and overall quality of life for those living and visiting the community.

Raftelis partnered with the City to conduct an operational and organizational assessment to help inform opportunities to meet City Council goals through organizational effectiveness. Dedicated City staff work diligently to meet the service level expectations of the community; however, as the community's preferences and overall footprint continue to grow and evolve, it is important to assess whether the current structure and staffing composition best support community needs. Moreover, there may be opportunities to streamline or modernize longstanding processes through technology or improved functional alignment that enhances service delivery and optimizes staff skills and abilities.

This assessment included a review of all City departments except Police and Public Works operations. It also evaluated opportunities for revenue growth through economic development efforts. It was rooted in an appreciation for the organizational context. 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. This work was augmented by data and benchmarking analysis, industry best practices, and the Raftelis team's experience working in and for local governments nationwide and in California.

It became clear during the assessment and analysis phase of the project 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), it is impressive that staff continue to deliver high-quality services to the community. This is driven by the need to flex and adapt to changing circumstances and collaborate regularly across departments and functions. 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.

The following table 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. Prioritization should be determined based on

implementation planning with City leadership and include factors like resource considerations, staffing level changes, and strategic goals and priorities.

Table 1: 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.

Introduction

Background and Methodology

The City of Arroyo Grande, California, engaged Raftelis in late 2024 to perform an operational and organizational assessment of the following City departments:

- Community Development
- City Manager's Office (CMO), including Human Resources (HR)
- Legislative and Information Services
- Administrative Services - Finance and Information Technology (IT)
- Public Works (Administration and Engineering)
- Recreation Services

This engagement aimed at assessing the organizational structure and staffing levels within each department to understand how they were resourced for service delivery and alignment with City Council goals. The assessment also considered options to enhance economic development in a way that contributed to the financial sustainability of the City to continue providing high-quality service delivery for the community. Police and Public Works operations were excluded from the scope of the study. Collectively, these two departments represent approximately 60% of the City's workforce. Moreover, the Five Cities Fire Authority (FCFA) was excluded from the City staffing analysis; however, Raftelis was able to gather an understanding of how administrative management responsibilities impact workload for City staff.

The process began 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 project team met with 28 staff members from several City departments, including the CMO, Community Development, Administrative Services, Legislative and Information Services, Recreation Services, and Public Works. The employee interviews gave the project 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 project 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, this information was compared to best practices guidelines from industry organizations and agencies. It was also compared to comparable cities in the Central Coast Region of California 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

The interviews, data, document analysis, best practices guidance, and benchmarking analysis informed the recommendations included in this report.

About the City of Arroyo Grande

The City of Arroyo Grande is in California's central coast region, approximately two miles inland from the coastline in San Luis Obispo County, sharing borders with the cities of Pismo Beach and Grover Beach and the unincorporated community of Oceano.¹ Incorporated in 1911, the City has a rich agricultural history. Today, it recognizes its deep agricultural roots while supporting a variety of residential and commercial land uses.¹ According to the most recent Census Data, the City spans 5.94 square miles and serves a population of approximately 18,412.²

The City's mission is to be the best place possible for everyone who lives, works, and visits. It strives to achieve this mission by providing efficient and responsive government services.³

BROAD AREAS OF FOCUS

During project initiation, Raftelis discussed with the City key areas of focus that were driving the operational and organizational assessment. The following areas were identified:

- Infrastructure and Resiliency
- Economic Development and Vitality
- Organizational Effectiveness
- Quality of Life

Moreover, as the study was beginning, City Council was also in the process of updating their goals, which include:

- Complete the General Plan Update
- Redevelop the East Grand Avenue Corridor (Halcyon Road to Elm Street)
- Pursue New Revenue Sources
- Implement Road and Sidewalk Improvements
- Achieve Water Resilience

These focus areas and goals helped guide and inform the study and evaluation of organizational structure and staffing resources. Infrastructure remains the City's top priority. With the recent passage of Measure E-24, the City will generate additional sales tax revenue to support infrastructure improvements and critical City services. Transparency and visibility of these improvements are paramount for the organization, beginning with the Pavement Management Plan. The City is also updating its General Plan. This comprehensive document includes public engagement and input that will set the strategy for future development in a way that aligns with the community's vision for the future.

Organizational structure and resource allocation are central to the City's ability to deliver on these goals. Historically, the City has provided high-quality services with the fewest resources possible. The evolving landscape for local government workforce, capital, and technology planning necessitates a fresh look at how the City is currently deploying resources and prioritizing how additional resources should be allocated.

STRUCTURE

The figure below reflects the Citywide organizational structure with high-level functions outlined beneath each department, office, or agency.

¹ City of Arroyo Grande General Plan Update, Existing Conditions, and Trends Workbook Final Draft, February 2024.

² 2023 American Community Survey, United States Census Bureau.

³ "Departments/Divisions," City of Arroyo Grande website.

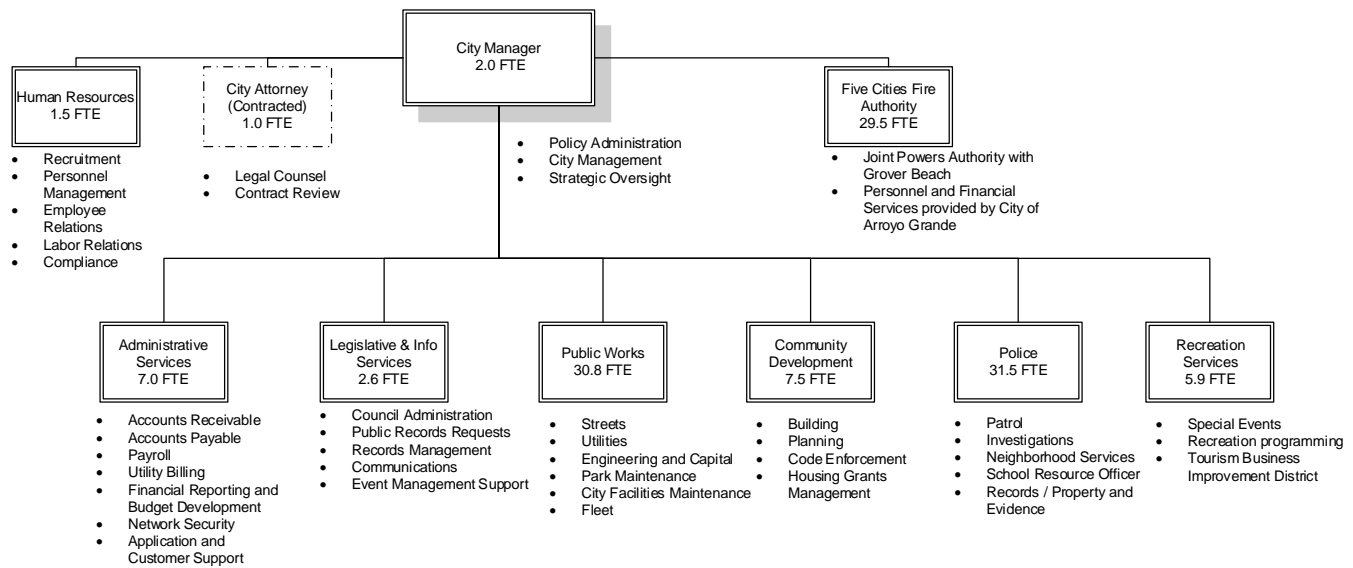


Figure 1: City of Arroyo Grande Functional Organizational Chart, FY 2024-25

STAFFING

According to the FY2024-25 Budget, the City of Arroyo Grande's authorized staffing is 93.8 full-time equivalent (FTE) employees. During the FY2024-25 mid-cycle update budget adoption in June 2024, some additional staff have been added, including a part-time (0.5 FTE) Executive Secretary for HR and a part-time (0.5 FTE) Recreation Specialist. The total budgeted staffing has decreased by 8.7% since FY2020-21. This staffing decrease can be primarily attributed to the transition of the Recreation Preschool and Children in Motion programs in the Recreation Department in FY2023-24 to the YMCA. The remaining department staffing changes have resulted from inter-departmental transfers, including IT transferring from Legislative and Information Services to Administrative Services and Engineering transferring from Community Development to Public Works. The City has also modified a few strategic positions over the past five years, including adding a Management Analyst, Assistant Capital Projects Manager, and reclassifying a position to fill the Planning Manager position.

Table 2: Authorized Staffing Level by Department, FY2021-FY25

Department	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Elected Officials	5.0	5.0	5.0	5.0	5.0	0.0%
City Manager's Office⁴	2.0	3.0	4.0	4.0	4.0	100.0%
Legislative and Information Services Department	4.6	2.6	2.6	2.6	2.6	-43.5%
Administrative Services Department	6.0	7.0	7.0	7.0	7.0	16.7%
Community Development Department	10.5	11.5	10.5	7.5	7.5	-28.6%
Police Department	33.4	33.4	31.5	30.5	31.5	-5.7%
Recreation Services Department	15.0	15.0	15.0	5.4	5.4	-64.0%
Public Works Department	25.5	25.5	27.8	30.8	30.8	20.8%
Total	102.0	103.0	103.4	92.8	93.8	-8.0%

⁴ The City Manager's Office includes the contracted City Attorney.

In addition to these staff, the Five Cities Fire Authority serves the City through a Joint Powers Agreement and has a total of 31.0 FTEs.

BUDGET

The City's general fund budget supports most core services provided by City departments. The past five years of the operating budget reflect the impact of the global pandemic followed by a period of growing inflationary pressure, including wage growth. These factors contributed to an average annual expenditure growth of 8.1% that was required to simply maintain the status quo. Large expenditure drivers include the City's pension benefit contribution cost, increasing salaries to maintain competitive wages in the labor market, and support for technology equipment and capital investments. The following table shows the general fund budgets by category from FY2020-21 to FY2024-25.

Table 3: General Fund Expenditures by Category, FY2021–FY25

Department	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Budget
Salaries and Fringe Benefits	\$11,353,567	\$10,850,612	\$13,197,956	\$12,089,400	\$12,437,200
Services and Supplies	\$6,869,822	\$6,454,835	\$7,315,351	\$9,434,771	\$9,774,816
Debt Service	\$54,500	\$128,493	\$307,933	\$309,566	\$294,386
Transfers	\$38,450	\$1,398,707	\$656,288	\$115,000	\$2,475,000
Capital Outlay	\$457,504	\$12,998	\$241,459	\$239,500	\$149,500
Total	\$18,773,843	\$18,845,645	\$21,718,987	\$22,188,237	\$25,130,902

Benchmarking Summary

Benchmarking refers to collecting information from various sources and comparing this information to the local operation to provide context for how other organizations operate and provide services to a community. To help inform the recommendations in this report, the project team conducted peer benchmarking regarding operations from four peer communities in the Central Coast Region of California, which were identified based on conversations with City staff, city size, organizational structure, and demographic profiles.

While the benchmarking information provides a valuable comparison between how other cities are staffed and operated compared to the City, it is important to acknowledge that each city has different attributes and faces different challenges despite working in a similar operating environment. Furthermore, the limited availability of information did not allow the project team to do a full, in-depth analysis of each peer community's operations to understand the intricacies of how each approaches the challenges currently faced by the City.

The following table shows the benchmark communities and their respective populations, the percentage change in population since 2010, and each city's total land area in square miles.

Table 4: Benchmark Communities

City	Population ⁵ (2023)	Population Change Since 2010	Land Area (Square Miles)
City of Arroyo Grande	18,412	6.7%	5.94
City of Atascadero	29,735	5.0%	26.07
City of Grover Beach	12,687	-3.6%	2.31

⁵ United States Census Bureau.

City	Population ⁵ (2023)	Population Change Since 2010	Land Area (Square Miles)
City of Morro Bay	10,717	4.7%	5.33
City of Pismo Beach	8,024	4.8%	3.50

CITYWIDE STAFFING

To provide a baseline understanding of staffing by department, Raftelis compared total authorized staffing within each department scoped for this study with the benchmark communities. The table below summarizes the staffing analysis, which was considered alongside City workload data analysis, interview themes, and best practices guidance for determining staffing recommendations. Each peer community has similar core functions, though they may be distributed across different departments. All information was sourced from the peer agency's most recently adopted budget document. The project team made functional distribution assumptions based on industry knowledge of local government workforce composition and service provisions. The analysis is meant to provide a data point to guide recommendations and may not reflect actual practice within each of these communities. Where appropriate, noteworthy differences are footnoted.

Table 5: Benchmarking Analysis of Authorized FTEs by Function

Function	Arroyo Grande	Peer Average	Atascadero	Grover Beach	Morro Bay	Pismo Beach
City Manager's Office (CMO)	2.00	2.10	3.00	2.00	1.20	2.20
Human Resources (HR)	1.50	1.25	1.00	1.00	2.00	1.00
City Clerk's Office ⁶	2.60	1.83	0.50 ⁷	2.00	3.00	1.80
Finance	5.00	7.23	7.00	6.00	7.90	8.00
Information Technology	2.00	2.63	4.50	2.00	2.00	2.00
Community Development	9.50 ⁸	8.96	12.00	5.25	9.60	9.00
Recreation	5.90 ⁹	3.98	3.90	3.00	6.00	3.00
Total	28.50	27.96	31.90	21.25	31.70	27.00

Typically, internal service functions include the CMO, HR, City Clerk's Office (called Legislative and Information Services for the City), Finance, and IT. Operations functions typically include Community Development, Recreation, and Public Works. Across the peer communities, the departments in which these functions are housed vary; however, Arroyo Grande is the only City to have a separate Legislative and Information Services Department and Director. Among the other cities, this function is usually part of the CMO. Similarly, among benchmarking communities, special events and communications functions were also common within the CMO, whereas for the City special events is part of Recreation Services and communications is primarily supported within Legislative and Information Services.

⁶ Includes communications function

⁷ City Clerk responsibilities are assigned to the Deputy City Manager (CMO)

⁸ Includes two contracted positions for Chief Building Official and Building Inspector.

⁹ Includes special events

Analysis and Recommendations

As the project team grew to understand the City's organizational context, the staff's dedication to the community was clear. The City is familiar with operating in a resource-constrained environment, and as a result, staff work collaboratively to achieve success, often spilling across multiple functional areas. The recently hired City Manager, with previous experience working for the City, has brought a sense of stability to the organization. Previously, there were several years of leadership transition, in addition to a global pandemic, which led to hesitancy and ambiguity among staff.

The City has already made key decisions that will position it well to deliver on Council goals. The recent modification for an Assistant Capital Projects Manager and Planning Manager improves resource support for infrastructure and economic development goals. Similarly, the City's implementation of Tyler Munis Enterprise Resource Planning (ERP) modernizes the core financial components of operations while providing a robust platform to integrate future technology upgrades.

When developing recommendations, the project team first considered organizational structure, both Citywide and by department. The desired outcome of this analysis was to present recommendations that best align service delivery, policy goals, and adequate capacity to manage day-to-day operations and strategic priorities. As part of the structural analysis, the project team assessed workload demand and the department's ability to continue meeting service level expectations. The recommendations for additional staff were informed by interviews, best practices, benchmarking guidance, and, where available, workload data. Each potential staffing recommendation was considered by Raftelis within the City's financial context. The recommendations presented reflect where the City will need future resources and capacity. City leadership should guide the phasing and prioritization of these recommendations, appreciating the need to align additional resources with ongoing revenue growth that will support the investment over time.

The recommendations below begin Citywide and then by department, ordered by those departments prioritized in the request for proposal (RFP). Within each department, are two sections; the first provides recommendations related to structure and staffing, followed by recommendations to improve operational efficiency.

Citywide

The recommendations in this section affect multiple facets of City operations, including opportunities to enhance executive staffing to reduce the City Manager's span of control and create synergy and alignment between core functions and strategic priorities. This section also discusses recommendations for a formal Economic Development Program to support future revenue growth through commercial development and enhance the City's overall tax base.

STRUCTURE AND STAFFING RECOMMENDATIONS

Recommendation 1: Add one Assistant City Manager (1.0 FTE) to the organization.

The City Council's goals chart a long-term plan for the City's economic vitality. Achieving these goals requires the capacity to develop and execute strategic priorities for the organization. The City Manager leads this effort, appreciating that long-term strategy begins with revenue-generating opportunities that provide ongoing support for meeting the service level expectations of the community. As such, the role of the City Manager includes overseeing day-to-day operations and building external relationships with community partners, intergovernmental agencies, and the City Council to advance the long-term vision for the City.

The City's organizational structure currently relies on the City Manager performing oversight responsibilities within the Office of the City Manager for 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 the management of all City departments, leaving limited time available for community engagement and pursuing strategic City priorities. In practice, the short-term demands of day-to-day operations and service delivery crowd out space for long-term goals. This capacity for long-term goals allows space to develop economic growth opportunities that will ultimately grow revenues and help sustain service delivery well into the future. The recent sales tax measure is a great example of how essential revenue growth is to simply maintain the same level of service currently provided to the community.

A separate and distinct, full-time Assistant City Manager is recommended. This kind of personnel investment is significant given the City's financial context and overall size; however, as shown in the table below, it 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.

Table 6: Peer Comparison – Deputy/Assistant City Manager Positions

Municipality	Population (2023)	FY25 General Fund	Assistant/Deputy City Manager FTEs
Arroyo Grande ¹⁰	18,412	\$26,369,634	1.0 Assistant City Manager / Public Works Director
Atascadero	29,735	\$36,609,560	2.0 Deputy City Managers
Grover Beach	12,687	\$18,480,020	1.0 Assistant City Manager
Morro Bay ¹¹	10,717	\$20,584,958	None
Pismo Beach ¹²	8,024	\$31,029,411	1.0 Assistant City Manager / Management Services Director

Responsibility for department oversight should be split between the City Manager and Assistant City Manager. This structure allows the CMO to be more responsive and connected to the work of their portfolio of departments and how that work aligns with Council goals and resource prioritization. In addition, the two positions also increase the capacity for strategic focus areas, including economic development, public outreach and communication, and

¹⁰ The City's Assistant City Manager does not have formal supervisory responsibilities for other department heads, only in their capacity as Director of Public Works.

¹¹ In FY2025 an Assistant to the City Manager position was added, because the position does not have supervisory responsibility it was excluded from the table.

¹² The Management Services Department includes HR, Risk Management, Public Outreach, Legislative Affairs, and Public Information functions. The Assistant City Manager has supervisory responsibilities for each of these functions (4.0 FTEs).

building effective relationships with community partners. This also allows for a consistent and continuous leadership structure when the City Manager is out of the office and unavailable.

The total estimated cost for this position, including benefits, is \$262,600 per year based upon the need to add a Director level position to separate the current Assistant City Manager position from Department Director.

Recommendation 2: Divide functional responsibilities between the City Manager and the Assistant City Manager to provide additional capacity and strategic oversight.

The City has a longstanding history of delivering high-quality services to residents. As the Council and City leadership plan for the future, they are focused on economic development and infrastructure goals that will continue to support the City's vitality and resilience. To deliver on the Council's goals, executive leadership will need adequate capacity to build strong relationships with the business community and plan for strategic infrastructure investments that support community development goals. Under the current organizational structure, the City Manager's large span of control lends itself to focus more on day-to-day operational needs. While individual department directors are focused on overseeing quality service delivery, they also need support from the City Manager, including communication, understanding of resourcing and planning, and ensuring that the organization is focused on delivering on Council policy priorities.

While the shared Assistant City Manager and Public Works Director provide additional support for communication between Council and City leadership, the formal supervisory responsibilities still rest with the City Manager. As recommended above, creating an Assistant City Manager position separate from the Public Works Director will allow the City administration to functionally restructure in a way that supports better service delivery expectations and creates capacity for advancing the Council's goals. With an Assistant City Manager, supervisory responsibility can be shared and grouped based on functional alignment. Oversight responsibilities can also complement the executive leadership team's professional experience and skill set. The figure below shows the recommended Citywide restructuring with the addition of an Assistant City Manager position.

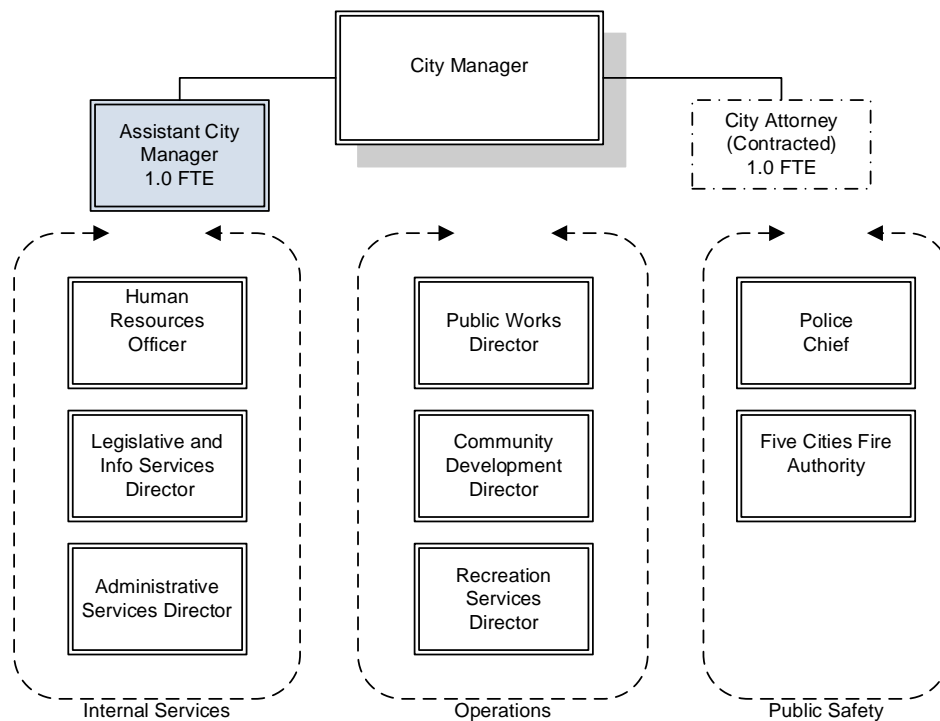


Figure 2: Recommended Executive Leadership Oversight

As recommended, City departments would be grouped into three primary portfolios: Public Safety, Operations, and Internal Services. The City Manager would maintain oversight responsibility for Police and FCFA, with the remaining two portfolios split between the City Manager and Assistant City Manager. Portfolio assignments are flexible and should be determined after the Assistant City Manager position is filled to provide an opportunity to assess strengths and professional expertise. This recommended structure reduces the City Manager's span of control from nine direct reports (including FCFA) to seven, including the new Assistant City Manager. The Operations portfolio represents front-facing departments like Community Development, Public Works, and Recreation Services. In addition, the economic development program would fall within this portfolio given the collaborative approach required among these departments for future development strategy, evaluation, and execution. The Internal Services portfolio would comprise the various support functions required to administer efficient and effective service delivery, including HR, Legislative and Information Services, and Administrative Services. Collectively, these functions represent the backbone of City operations, often with overlapping coordination responsibilities. They help engage and answer residents' inquiries while providing internal customer service to front-facing departments through effective systems, policies, and procedures.

With shared supervisory responsibility and functional alignment, day-to-day oversight should be streamlined, providing increased capacity for strategic initiatives. Oversight responsibility within the Internal Services portfolio should encompass strategic communication and process improvement efforts. Although staff in the Legislative and Information Services department support public outreach and engagement, there is no coordinated policy or strategic approach. Leadership within the CMO should provide guidance and direction to all departments regarding how communication is delivered to the community. Moreover, the operational efficiency recommendations within this report highlight opportunities for the City to continue modernization efforts that leverage technology and electronic

workflow. Leadership and staff within the CMO should prioritize, plan, and champion these efforts over time, connecting the impacted departments and overall City goals. Finally, as mentioned previously, developing an economic development strategy and program should be a strategic focus for the executive position overseeing the Operations portfolio. The following recommendation details how the City can build a proactive economic development program.

Recommendation 3: Establish a proactive Economic Development Program.

The City Council of Arroyo Grande has prioritized economic development to enhance revenue and meet the increasing demand for City services. This commitment was formalized in the 2012 Economic Development Element of the City's General Plan, which outlines four key goals for guiding economic development initiatives. These goals serve as a framework for establishing priorities, assessing the economic impact of land use decisions, and measuring progress in policy implementation. The goals are to:

1. Create a thriving economy
2. Meet unmet community needs
3. Promote business activity
4. Provide superior customer service

The City recognizes that the 2012 Economic Development Element is outdated and plans to integrate an updated market study as part of the General Plan update. Within the organization, economic development efforts are decentralized and primarily reactive. Related activities are limited to work within the Community Development Department, focused on private development projects, and the responsibilities carried out by the Recreation Services Department in support of the City's Tourism Business Improvement District (TBID). Under this approach, economic development activities are performed in response to emerging opportunities or challenges. As part of the General Plan update and associated refresh of economic development goals and strategies, it will be important to transition to a proactive approach. Arroyo Grande's decentralized approach to economic development is not unique; among the peer agencies reviewed by the project team, only Atascadero has dedicated Department of Economic and Business Development with a Deputy Economic and Community Development Director position responsible for economic development activities.

A proactive approach to economic development involves a multifaceted strategy tailored to the City of Arroyo Grande's unique characteristics and challenges. Key components include:

1. **Strong leadership:** Strong leadership from the City Council, City management, staff, economic development agencies, and key business leaders is needed to guide the implementation of initiatives and ensure accountability.
2. **Strategic planning:** Economic development strategic plans should set clear and actionable objectives, have timelines, assign implementation responsibilities, and include measurable outcomes to track success against.
3. **Resource planning:** A sustainable funding plan is needed to fund economic development projects and acquire properties. This plan should include general fund support, public-private partnerships, and grant funding.
4. **A business retention and expansion program (BRE):** Assisting current businesses within a community to succeed and expand ensures a vibrant, healthy business ecosystem by preserving and increasing local jobs and tax revenues. Therefore, a BRE program is critical to a proactive economic development strategy. It

involves creating relationships with existing businesses to identify challenges and growth opportunities and providing assistance where possible. This assistance can include¹³:

- Identifying available properties for future operations
 - Securing financing for new equipment or operations
 - Identifying workforce development opportunities
 - Assisting with permitting, licensing, or infrastructure needs
 - Technical assistance for growth opportunities or challenges
5. **A comprehensive catalog of marketing collateral:** Maintaining an extensive catalog of marketing materials that effectively communicate to prospective businesses the community's benefits, available properties, incentives, market and demographic data, and more.
 6. **Interdepartmental coordination:** Economic development projects often require extensive coordination between multiple departments within a city, including Administrative Services, Public Works, Community Development, and more.
 7. **Engagement with external stakeholder groups:** Establishing strong relationships with local, regional, and state stakeholder groups, such as educational institutions, economic development organizations, non-profit organizations, and others, will identify available resources and support local economic development efforts.
 8. **Market accessibility:** Improving market accessibility through infrastructure improvements and other means will help remove barriers to entry that may otherwise keep a business from being in the community.
 9. **Data-driven decision-making:** A proactive economic development strategy must be informed by data related to economic indicators, business trends, employment statistics, demographics, and other relevant factors. This information will inform decision-making and help tailor strategies to economic shifts.
 10. **Leveraging City-owned assets through public-private partnerships:** Positioning City-owned assets, like land or buildings, to attract private investment, create jobs, and support community goals through business partnerships.

Many of these elements are already included in the 2012 Economic Development Element. For example, it outlines various best practices strategies to enhance economic growth, including, but not limited to¹⁴:

- Maintaining a comprehensive marketing strategy to promote the City of Arroyo Grande as a business-friendly community
- Encouraging adequate infrastructure to support business expansion, redevelopment, and new development
- Performing outreach to the development community, real estate brokers, and other stakeholder groups to identify opportunities
- Monitoring business trends
- Supporting a Citywide database of available real estate

With this foundation in place, the City is well-positioned to translate these strategies into actionable tasks and develop related trackable metrics that could be incorporated into a proactive economic development strategy.

Recommendation 4: Create an Economic Development Coordinator to support the Economic Development Program.

The success of a proactive Economic Development Program depends on the City's commitment to implementing it with focused dedication and consistency. The City's decentralized approach to economic development has restricted its ability to achieve the goals and strategies outlined in the 2012 Economic Development Element. This experience

¹³ "Why a Business Retention and Expansion Program Matters," International Economic Development Council.

¹⁴ "Economic Development Element of the City of Arroyo Grande General Plan," October 9th, 2012.

clearly demonstrates that, without dedicated resources, even the best-designed strategy is unlikely to be effective. To transition from planning to action, the City must invest in staff who can lead, coordinate, and advocate for this initiative.

Identifying a staff member to lead economic development activities provides focused leadership and accountability for implementing the City's strategic goals. An economic development staff member can serve as a central point of contact for businesses, developers, and community partners, ensuring consistent communication and responsive service. This role helps translate long-term plans into actionable initiatives, tracks progress and fosters cross-departmental coordination to streamline processes that impact business growth. Additionally, dedicated staff can proactively pursue funding opportunities, maintain relevant economic data, and strengthen partnerships with workforce development and education providers. By investing in this capacity, the City can more effectively support local businesses, attract new investment, and promote sustainable, inclusive economic growth.

To establish dedicated economic development staffing, the City should transfer the part-time Special Events Specialist position from the Recreation Services Department to the CMO and reclassify it as a full-time Economic Development Coordinator. This role already entails significant responsibilities related to economic development, particularly in supporting the TBID program. The TBID funds projects, programs, and activities that enhance the local lodging industry and strengthen the City's tourism economy. As part of this function, the City collects a 2% assessment from lodging businesses within its jurisdiction, which is utilized to promote the lodging industry.

In addition to supporting the TBID, the Economic Development Coordinator should have a broader scope of responsibilities, including:

- Overseeing the execution of a comprehensive economic development strategy (as recommended in this report and developed as part of the General Plan update phase 10: Economic Development Studies)
- Building and maintaining relationships with local businesses and external stakeholder groups
- Initiating a comprehensive Business Retention and Expansion program
- Establishing detailed metrics and benchmarks to evaluate the effectiveness of economic development initiatives
- Conducting research and advising the City's leadership on emerging trends and relevant topics
- Coordinating and managing economic development consultants' contracts during the implementation of strategies

Overall, the Economic Development Coordinator role would provide a resource to collaborate with the business community, foster relationships, and proactively seek opportunities to attract and grow businesses in the City. Placing this position in the CMO would enhance focus and coordination among different departments, particularly Public Works and Community Development, on projects and activities that maximize economic development opportunities.

This position should be a part of the Management Group due to the need for confidentiality and align with the operations portfolio of departments, reporting directly to Assistant City Manager responsible for overseeing that portfolio. Assigning executive supervisory responsibilities ensures that this position receives dedicated attention, mentorship, and supervision, fostering collaboration with other City departments and reinforcing accountability. In addition, executive leadership should continue to provide strategic oversight and coordination for all economic development activities. Formalizing the economic development function within the CMO enables the City to respond swiftly to challenges and opportunities while ensuring that activities align with the City's comprehensive

and strategic planning efforts. It also provides an opportunity to measure the success of economic development efforts and clearly understand any future resource needs the City may have to achieve its goals.

To relocate and reclassify the Special Events Specialist position, the City Manager should work with the Recreation Services Director, HR staff, and Administrative Services staff to identify any necessary adjustments to the compensation structure associated with changing the role from part-time to full-time, develop a job description for the Economic Development Coordinator role, and seek any required approvals from City Council. As part of determining classification, it will be important to consider the executive reporting structure and confidential nature of information this position will have access to. The estimated change in compensation to reclassify the Special Event Specialist as a full-time Economic Development Coordinator is approximately \$110,000, inclusive of benefits. This estimate considers the City's existing compensation structure and addition of full-time benefits. However, City Management and HR staff should determine the actual compensation package based on the experience and qualifications of the person identified to fill the position.

A comprehensive training program related to economic development initiatives should also be developed. The City should consider having the position pursue an economic development-related certification, such as Certified Economic Developer (CEcD) from the International Economic Development Council (IEDC) or Economic Development Finance Certification offered by Grow America. These certification programs vary in requirements and price. Class prices for IEDC's CEcD program were not readily available. The Economic Development Finance Certification, offered by Grow America, costs approximately \$7,400.

OPERATIONAL EFFICIENCY RECOMMENDATIONS

Recommendation 5: Continue modernization efforts to streamline and reduce paper-based processes.

Technology enhances operational efficiency, streamlines workflows, and enables data-driven decision-making within local government operations. Adopting and implementing various software systems and technology can reduce administrative burdens, improve service delivery, and provide valuable insights for long-term planning.

The City has already adopted systems that have helped modernize operations. For example, the Community Development Department utilizes Citizenserve®, a cloud-based software suite providing solutions for permitting, code enforcement, licensing, planning, land management, request tracking, and more. Additionally, Laserfiche® is used to manage documents and records. Finally, the City is implementing Munis®, an enterprise resource planning software that allows for centralized management of core functions, including finances, procurement, HR, payroll, revenue tracking, and utility billing.

As part of each department's operational review, Raftelis identified additional opportunities for continued modernization. In an organization that relies on staff who cover multiple functions and areas of responsibility, investments in technology will help balance growing workload demand with limited financial resources. This is particularly true for administrative support functions. The City's reliance on paper-based processes, filing, and records management increases staff workload that could otherwise support direct service provision. It also provides the ability to create a regular ongoing reporting structure that would assist in management and supervision. A summary of technology and system modernization that will help streamline and improve operations for various City departments includes:

Utility Billing and Payroll System: As the City continues its implementation of Munis, upgrading the utility billing and payroll system will improve accuracy, enhance reporting capabilities, and reduce redundancies by automating

routine processes. The City was already preparing the Munis payroll implementation at the time of project interviews and planned to subsequently start the utility billing implementation. These transitions will also allow for better tracking of expenditure and revenue, supporting sound data-driven financial decision-making.

Computerized Maintenance Management System (CMMS): A CMMS is a software solution that enhances a City's ability to plan, monitor, and track maintenance tasks and the condition of infrastructure assets. Implementing a CMMS will modernize the City's approach to asset management by providing real-time data on maintenance needs, asset lifecycles, and work history. It will enable the City to produce work orders for reactive and preventative maintenance tasks and improve operational efficiency by reducing unplanned downtime, optimizing preventive maintenance schedules, and extending the life of critical infrastructure assets. A CMMS will also support budget planning by providing insights into long-term maintenance costs.

Public Records Request Management System: The City's current use of Laserfiche has improved records management and retrieval, demonstrating a strong commitment to transparency and compliance. Building on this success, an electronic records request process will enhance efficiency by automating workflows for public records requests and managing compliance with legal requirements. This will reduce manual effort, ensure timely responses, and minimize non-compliance risk.

Advanced Metering Infrastructure (AMI) for Utilities: AMI technology provides real-time water and electric usage monitoring, reducing meter reading costs and enabling proactive maintenance. With remote data collection, utility providers can detect leaks, identify usage trends, and improve customer service by offering detailed consumption data. AMI also facilitates demand forecasting, supports conservation efforts, and enhances revenue accuracy.

By integrating these systems, the City can achieve:

- Increased efficiency through automation and streamlined workflows
- Improved service delivery via real-time data and enhanced coordination
- Enhanced financial management with accurate billing, payroll, and maintenance tracking
- Stronger compliance and transparency with automated records management
- Better resource allocation through predictive analytics and preventive maintenance

Acquiring new software programs and technology will increase the City's operational costs, so purchases should be spread over time. A phased implementation plan should be developed to ensure a smooth transition from manual to electronic processes. Additionally, leveraging grant funding and cost-sharing opportunities should be explored to mitigate financial impacts. As systems and software are purchased and implemented, it will also be essential to ensure staff are trained to utilize each program properly to maximize its effectiveness. Finally, the City must ensure access to these programs by supplying enough equipment (computers, tablets, etc.) to utilize the systems.

The City's capital improvement plan includes anticipated investment in many of these systems, including utility billing and payroll system Munis® upgrade, Public Records Request management system, and AMI for utilities. By continuing to invest in these technological advancements, the City will strengthen its ability to serve the community while optimizing internal operations.

Community Development

The Community Development Department provides services that support the development of the built environment, including both built and open spaces. According to the City's FY2023-25 Biennial Budget, the department is committed to fostering a diverse, equitable, and thriving community while preserving the City's unique character and

environment. By balancing economic opportunities with responsible land-use planning and development, the department ensures sustainable growth and an enhanced quality of life for all residents.¹⁵

The department’s budgeted staffing complement is 7.5 FTEs, split across three divisions: Planning, Building and Life Safety, and Community Services. The department’s organizational structure is shown below:

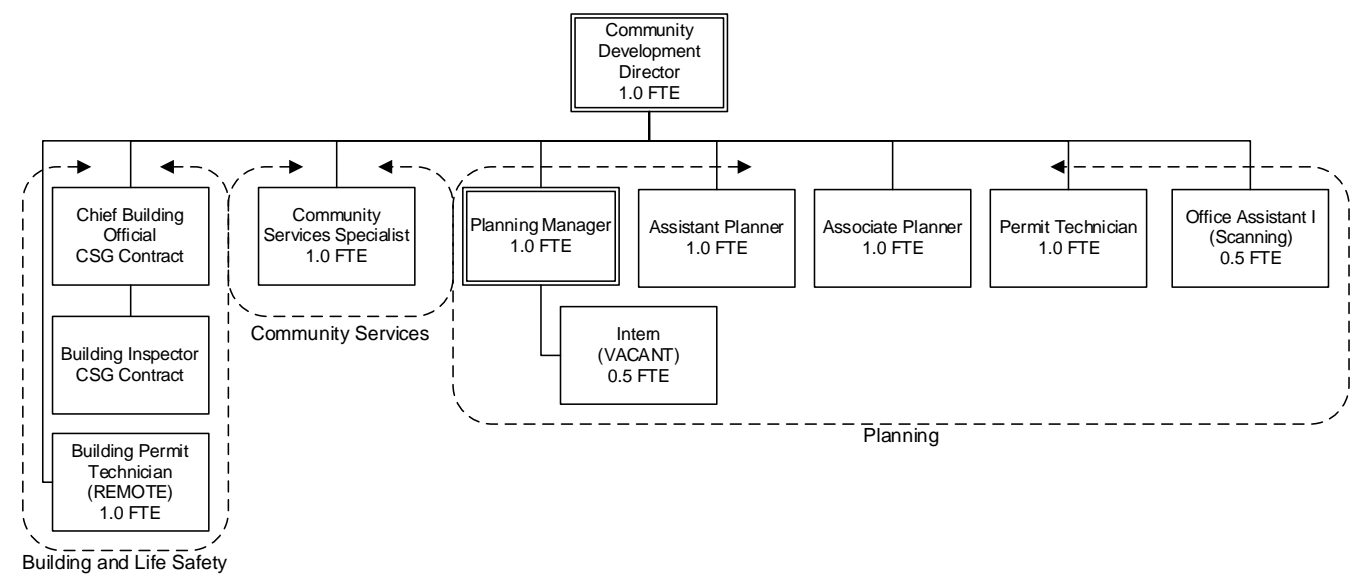


Figure 3: Community Development Organizational Structure, FY2024-25

CORE SERVICE MATRIX

The table below provides an overview of the department’s core services, but it is not meant to be all-inclusive.

Table 7: Community Development Department Core Service Matrix

Division/Program Area	Activities and Service Levels
Planning	<ul style="list-style-type: none">Assist with future growth and development planningReview of current development proposalsAdminister the City’s Development CodeAddress planning issues related to transportation, housing, community facilities, economic growth, public safety, open space, urban design, and land use
Building and Life Safety	<ul style="list-style-type: none">Review project plans for code complianceIssue building permitsConduct inspections related to state and local building, fire, mechanical, electrical, plumbing, energy, and disabled access codesEnforce the International Property Maintenance CodeConduct hazardous material and water system analysisCollaborate with the Five Cities Fire Authority on annual fire inspections, wildland-urban interface regulations, and fire prevention activities
Community Services	<ul style="list-style-type: none">Provide information and educate the public on City regulations and programsAdminister the City’s code compliance programPerform field inspections and respond to citizen complaints related to public nuisances and quality of life issues

¹⁵ City of Arroyo Grande, FY2023-25 Biennial Budget.

Division/Program Area	Activities and Service Levels
	<ul style="list-style-type: none"> Support education, enforcement, and inspection activities for CalRecycle Organics Regulations compliance

STAFFING LEVEL HISTORY

Overall, department staffing has been reduced by 28.6% since FY2021. This change was primarily due to the shift of engineering staff from the Community Development Department to the Public Works Department during the FY2023-24 budget cycle and contracting out for two of the three positions in the Building and Life Safety Division. Authorized staffing, including contracted building staff of 9.5 FTEs, is consistent with the peer benchmarking community average of 9.0 FTEs. The full department staffing history is detailed in the following table.

Table 8: Community Development Department Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change FY20-FY25
Director	1.0	1.0	1.0	1.0	1.0	0.0%
Planning Manager	0.0	0.0	1.0	1.0	1.0	100.0%
Associate Planner	1.0	1.0	1.0	1.0	1.0	0.0%
Assistant Planner	1.0	1.0	1.0	1.0	1.0	0.0%
Community Services Specialist	0.0	0.0	1.0	1.0	1.0	100.0%
City Engineer	1.0	1.0	1.0	0.0	0.0	-100.0%
Associate Engineer	0.0	1.0	1.0	0.0	0.0	0.0%
Assistant Engineer	1.0	1.0	0.0	0.0	0.0	-100.0%
Permit Technician	1.0	1.0	1.0	1.0	1.0	0.0%
Program Analyst	1.0	1.0	0.0	0.0	0.0	-100.0%
Engineering Inspector	1.0	1.0	1.0	0.0	0.0	-100.0%
Building Official	1.0	1.0	0.0	0.0	0.0	-100.0%
Building Permit Technician	1.0	1.0	1.0	1.0	1.0	0.0%
Office Assistant I	0.0	0.0	0.5	0.5	0.5	100.0%
Community Development Intern	0.5	0.5	0.0	0.0	0.0	-100.0%
Total	10.5	11.5	10.5	7.5	7.5	-28.6%

STRUCTURE AND STAFFING RECOMMENDATIONS

Recommendation 6: Formalize Planning Manager supervisory responsibilities to reduce the Director's span of control.

Under the current organizational structure, the Director of Community Development supervises all department staff and oversees the contractual positions provided by CSG Consultants. As part of the FY2022-23 Budget, a Planning Manager position was added to the department. This job classification includes supervisory responsibility; however, staff in the Planning Division do not report directly to the Planning Manager.

A large span of control at the Director level limits the time available to provide strategic direction for the department, and for engagement and outreach with executive leadership and the community. According to the department's self-reported workload report, used as an internal planning tool, around 10% of the Director's time is spent on personnel

issues each month. The Community Development Department is integral in advancing Council goals, especially related to economic development and vitality. Moreover, the General Plan update that is currently underway is a large-scale strategic project within this department. The project requires extensive communication and engagement with the community and project consultants to help shape the future vision for community development in the City.

To allow the Director to serve a more elevated role in the various strategic priorities of the City, it is a best practice to reduce the span of control and assign supervisory responsibility to the Planning Manager for the day-to-day operations of the Planning Division. The Assistant Planner, Associate Planner, and Permit Technician should all 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.

The City primarily outsources building and life safety services. Staff describe a good working relationship with the consultant that continues to support effective service delivery. Given the unique nature of this arrangement, it is important that the Director has adequate bandwidth for in-house contract management to ensure that the consultants adhere to performance standards in the contracts. Ongoing assessment of this contract and consideration for outsourced or in-house support is imperative to maintain service delivery expectations with the community and effective monitoring of the department's operating budget resources.

Recommendation 7: Increase the Community Development Department Office Assistant position from part-time to full-time.

A key theme arising from interviews with staff in the department was the lack of available administrative support. The Community Development functions consist of multiple administrative tasks, including but not limited to writing and preparing reports for City Council meetings, compiling Planning Commission packets, providing commission meeting notices, and running commission meetings, and documenting the City's land use changes and requirements.

At present, the department has no administrative support for staff and a half-time (0.5 FTE) Office Assistant responsible for scanning paper documents. The City's planners noted that they perform their own administrative work without support. While feasible, this is an inefficient use of planning staff capacity that could be applied toward processing more projects, leaving the creation and formatting of reports and agendas to administrative staff.

As part of the community benchmarking analysis, Raftelis reviewed administrative support within Community Development departments. Across the peer group, all cities had at least a full-time equivalent administrative position, except for Grover Beach, with a part-time 0.25 FTE. No community had more than two dedicated administrative support staff. The City's current 0.5 FTE falls below the peer average. In addition, the focus on scanning and filing for this position highlights the continued modernization opportunities for electronic workflow and document management. The ability to implement digitization efforts will lead to enhanced capacity for conducting administrative tasks.

The department's administrative support should be increased to a full-time equivalent to provide staff administrative task support. This additional support will allow staff greater capacity for improved customer service and processing. The position will support all department functions, including preparation and execution of Planning Commission meetings, and as such should report directly to the Community Development Director.

The total estimated cost to increase this position to full-time, including benefits, is \$43,400 per year based upon the current salary schedule. The figure below shows the proposed new organizational structure for the Community Development Department.

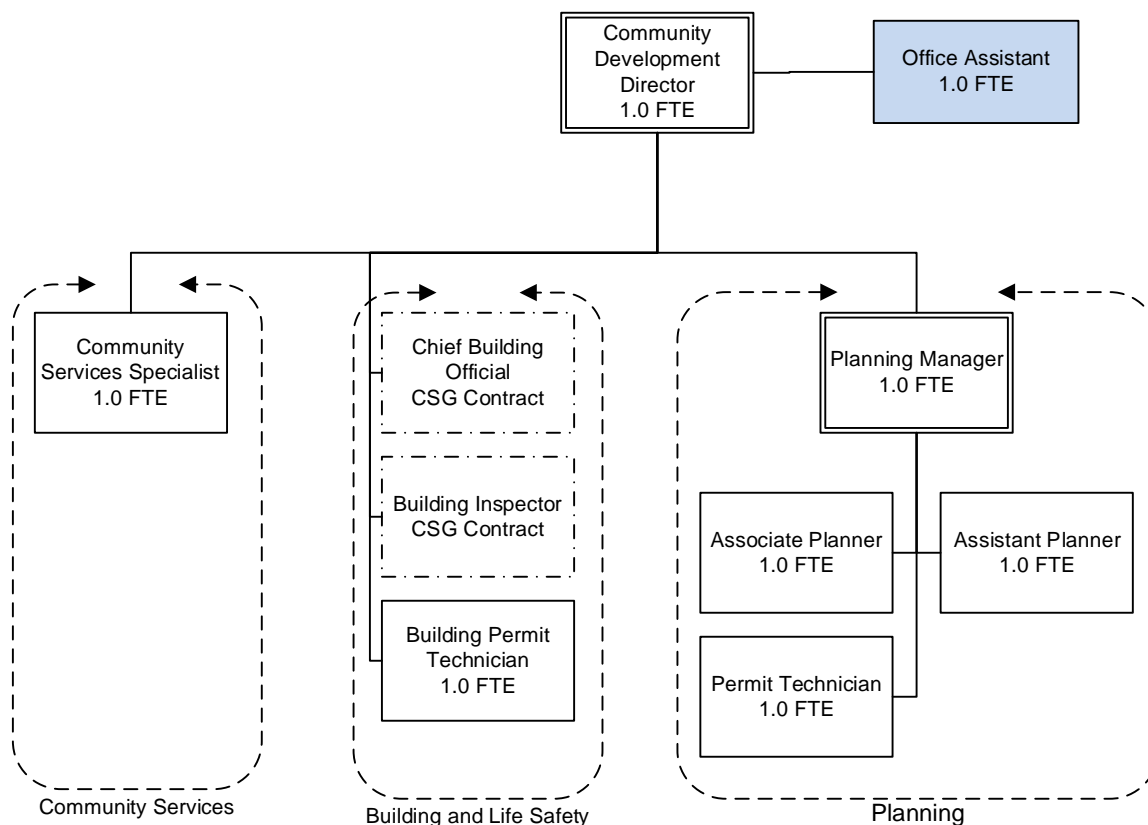


Figure 4: Proposed Community Development Department Organizational Structure

OPERATIONAL EFFICIENCY RECOMMENDATIONS

Recommendation 8: Replace Adobe® for plan review with Bluebeam®.

The City of Arroyo Grande contracts with an outside firm to provide building services, such as planning review and permitting. Internal staff uses Adobe for reviewing electronic plan submittals, which is not purpose-built for this process, while the contracting firm uses Bluebeam, a software common in the community development industry for electronic plan review. Because of the difference in software used, internal staff must convert their plan review documents from Adobe in order for the contractors to read them in Bluebeam. This results in redundant work and time that could be spent on other tasks.

Further, staff reported that Adobe struggles with their typically large plan review files and that the application can be unstable, impacting the time needed for a review. Using Adobe for plan review, as opposed to a tailored software option also limits staff because comments or requested changes cannot be linked to the relevant portion of the associated plan. Some staff shared that this limitation has occasionally contributed to confusion for the applicant. Features in Bluebeam would streamline and clarify feedback provision to applicants and improve the customer's experience.

For these reasons, it is recommended that the City fund Bluebeam for the Community Development Department replace Adobe for a plan review. Licensing will require budget expenditures ranging from \$260 to \$330 per user, totaling around \$1,300 to 1,980 annually¹⁶. This technology-led process improvement will lead to greater operational efficiency, improved customer experience, and more effective use of staff time.

Recommendation 9: Collect plan review fees at the time of application.

The Building Permit Technician is responsible for the intake of building permit applications, routing plans for review, and routing corrections back to applicants. Approximately five to 10 applications per month are walked into the public counter, and additional applications are emailed to the technician. Associated fees are paid after all reviewers have approved the application and contractor information has been provided. The building technician then downloads the plans, issues the building permit, stamps the plans and supporting documents, and creates an inspection record.

Currently, no fees are collected for plan review at submittal; they are instead collected when the permit is issued. It is a 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.

Enacting this recommendation will require changes to department intake processes and instructions for applicants, which should be updated to reflect the new timing for fee collection. The process change would likely not require a code amendment because, as interpreted by the project team, collecting fees at the time of application is acceptable under the Arroyo Grande Development Code (Title 16 Development Code Chapter 16.12.030).

City Manager's Office

The CMO provides leadership and coordination across the City. This includes ensuring effective operations management, supporting the City Council in achieving the community's vision, guiding policy development, and advocating for the City's interests on local and regional issues.

The CMO is staffed with 3.5 FTEs, as shown in the figure below. The Executive Secretary part-time position was added during the mid-cycle FY2024-25 budget update. In addition, the City Manager is responsible for overseeing the contracted City Attorney.

¹⁶ "Bluebeam Pricing." *Bluebeam*, <https://www.bluebeam.com/pricing/>.

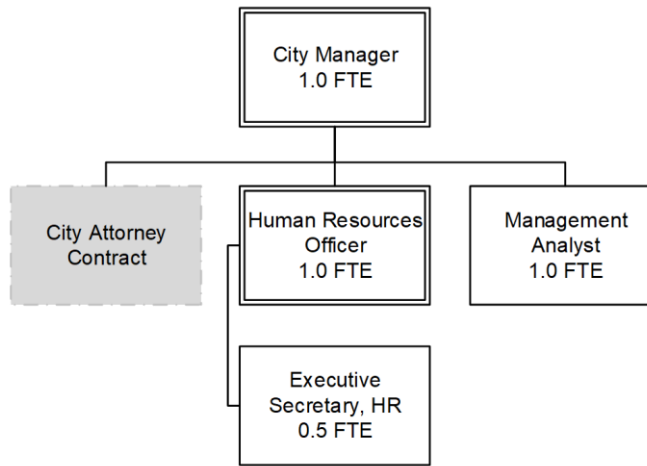


Figure 5: City Manager's Office Organizational Structure, FY2024-25

CORE SERVICE MATRIX

The CMO is comprised of two elements: City Management and Human Resources. An overview of the core services performed by each program area is provided below and is not meant to be all-inclusive.

Table 9: City Manager's Office Core Service Matrix

Division/Program Area	Core Services
Leadership and Strategic Oversight	<ul style="list-style-type: none"> Oversee the daily operations of all general government departments Implement City Council policies Ensure adherence to the City's laws and regulations Provide strategic direction and policy prioritization to staff
Human Resources	<ul style="list-style-type: none"> Manage personnel recruitment and employee separation Oversee performance evaluations and disciplinary processes Coordinate labor relations and collective bargaining activities Administer employee benefits programs Provide training and professional development opportunities for staff Classification and compensation

STAFFING LEVEL HISTORY

Since 2020, the CMO added a Management Analyst (in FY2022-23) and transferred the HR Officer from Administrative Services to the CMO. The staffing history details are shown in table 10.

Table 10: City Manager's Office Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change FY20-FY25
City Manager	1.0	1.0	1.0	1.0	1.0	0.0%
Human Resource Officer	0.0	0.0	1.0	1.0	1.0	100.0%
Management Analyst	0.0	0.0	1.0	1.0	1.0	100.0%
Executive Secretary	0.0	0.0	0.0	0.0	0.5	100.0%
Total	1.0	1.0	3.0	3.0	3.5	75.0%

STRUCTURE AND STAFFING RECOMMENDATIONS

Recommendation 10: Add one full-time Executive Secretary position responsible for central reception and administrative support in City Hall.

As part of staff interviews, Raftelis learned about the various roles and responsibilities for each position. A common workload driver among staff in City Hall was administrative responsibilities, such as answering the phone, supporting customer walk-ins, providing support to employees, council administration, scheduling, and filing. The size of the organization is such that many internal services staff wear multiple hats throughout the day and often lean on other departments to cover the administrative workload demand. Many of these positions are also part-time, resulting in schedule adjustments and shift coverage. The figure below depicts Raftelis' understanding of various administrative functions and what positions in City Hall support those functions.

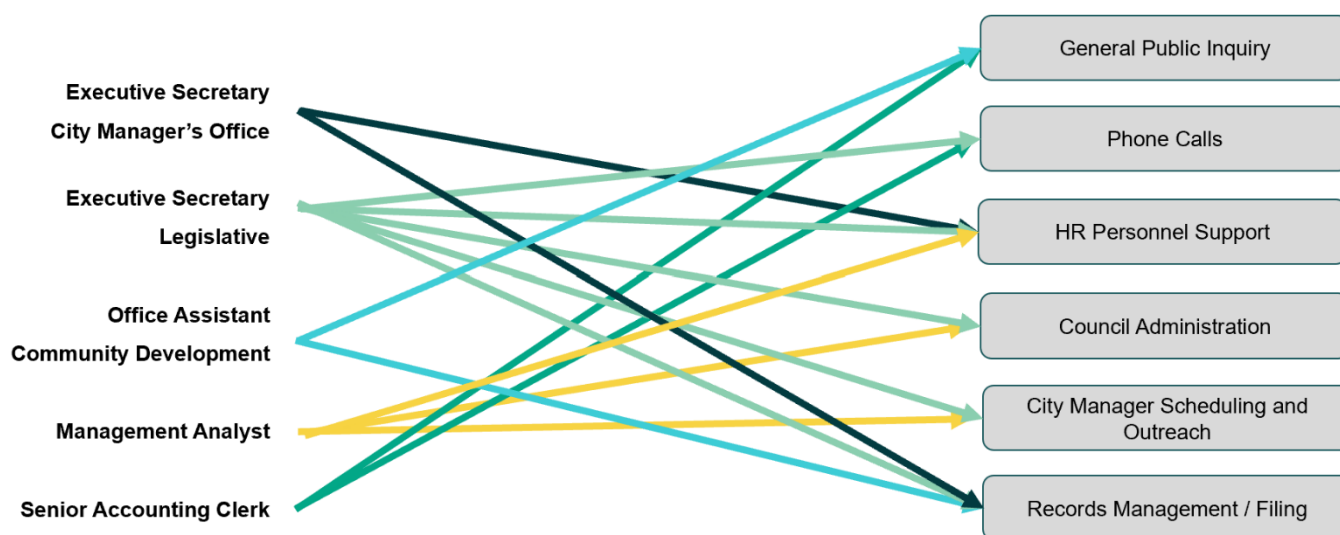


Figure 6: City Hall Administrative Support Positions and Functions

As shown in the graphic above, administrative support is scattered throughout the organization. While this ensures workload demand is met, it creates inefficiency among staff who constantly toggle between core responsibilities and covering administrative support needs. The need to respond to counter customers also disrupts their work, reducing efficiency.

To assess overall resourcing to meet administrative workload, Raftelis analyzed benchmarking communities' structure and staffing for administrative job titles compared to the City. This exercise made inherent assumptions regarding job titles and typical responsibilities and may not be reflective of actual practice across each of the peer cities. Nevertheless, the analysis provided insight regarding typical administrative support resourcing for similar agencies. As indicated in the table below, the City lags behind its peer counterparts when comparing total staff to administrative staff Citywide. The higher the ratio, the less administrative staff are available to support City operations. This helps to explain why the administrative workload is dispersed across multiple positions, some of which do not align with core responsibilities (e.g., Senior Accounting Clerk covering the front counter).

Table 11: Administrative Support Benchmarking Analysis

Peer Agency Range	The Ratio of Total Staff to Administrative Staff (Citywide)
Low	11.9
Average	14.9
High	20.0
Arroyo Grande	26.1

A full-time central reception administrative support position is recommended for City Hall. This position should be structured as a generalist responsible for initiating customer service and gaining a basic understanding of the City's permit and development processes and utility billing, which comprise a significant share of typical inquiries. To support the roles and responsibilities of this position, the City should include a computer and monitor, with access to key network drives and/or applications that can aid problem-solving and inquiry resolution. The position will require training from multiple department staff members to be successful in a generalist role. For non-traditional or technical inquiries, this position can direct customers to department specialists as needed. Centralizing this responsibility with a dedicated position should reduce distractions and increase capacity within Finance and Community Development staff to focus on core services.

In addition, the other area of responsibility for this full-time position is to provide administrative support for the CMO, such as taking telephone calls and scheduling. Creating a dedicated administrative position, will improve executive leadership's responsiveness to community partners and the Council, reduce operational tasks that crowd out their ability to focus on strategic priorities and improve the capacity of the Management Analyst position in the CMO to provide analytic support for policy directives, special projects, and process improvement efforts.

The total estimated cost for this position, including benefits, is \$100,100 per year based upon the salary schedule effective July 2024.

Recommendation 11: Increase the part-time Executive Secretary position in HR to full-time and retitle to Human Resources Specialist.

The City's HR function is embedded within the CMO. This is common practice among peer cities and reinforces HR as a strategic partner for the organization. Recently, the City Council authorized the hiring of a part-time Executive Secretary to support the HR Officer. Workload demand for HR services can vary throughout the year; however, like most local government organizations, internal service level expectations continue to increase. The City is aware of shifting workforce dynamics and composition, resulting in the need for proactive succession planning, organizational development and training, and expedient hiring to maintain service delivery. Moreover, the growing complexity of labor relations, employee relations, and risk management all add to workload drivers for HR.

In order to meet the growing service demands, the part-time position was hired to handle day-to-day tasks and the transactional activities that support employees. This improved the HR Officer's capacity to focus on labor and employee relations, along with strategic initiatives. In practice, however, the part-time resource has been insufficient to support the various core services, and the HR Officer has had to rely on the Management Analyst position to meet workload demand. Similar to the central reception full-time staffing recommendation, a full-time second position is recommended for HR. Increasing the current part-time position to full-time will ensure workload demand is met and improve the organization's ability to adapt to evolving needs in the future. Moreover, it streamlines the Management Analyst's role and responsibilities to focus on financial and policy analysis, special projects, and process improvement, as well as support strategic initiatives and budget development.

Investing in additional administrative staff now will also position the City for continuous improvement. Sufficient staff provides the capacity to implement new technology and workflows that lead to more efficient processing. They can also reduce reliance on outside contractors and consultants for core services. For example, within HR, adequate staffing provides the opportunity to review and improve existing labor contracts. This effort can address complex and nuanced policies that lead to inconsistent application or the need to rely on outside legal counsel for interpretation or negotiation.

The total estimated cost to increase this position to full-time, including benefits, is \$63,300 per year based upon the current salary schedule.

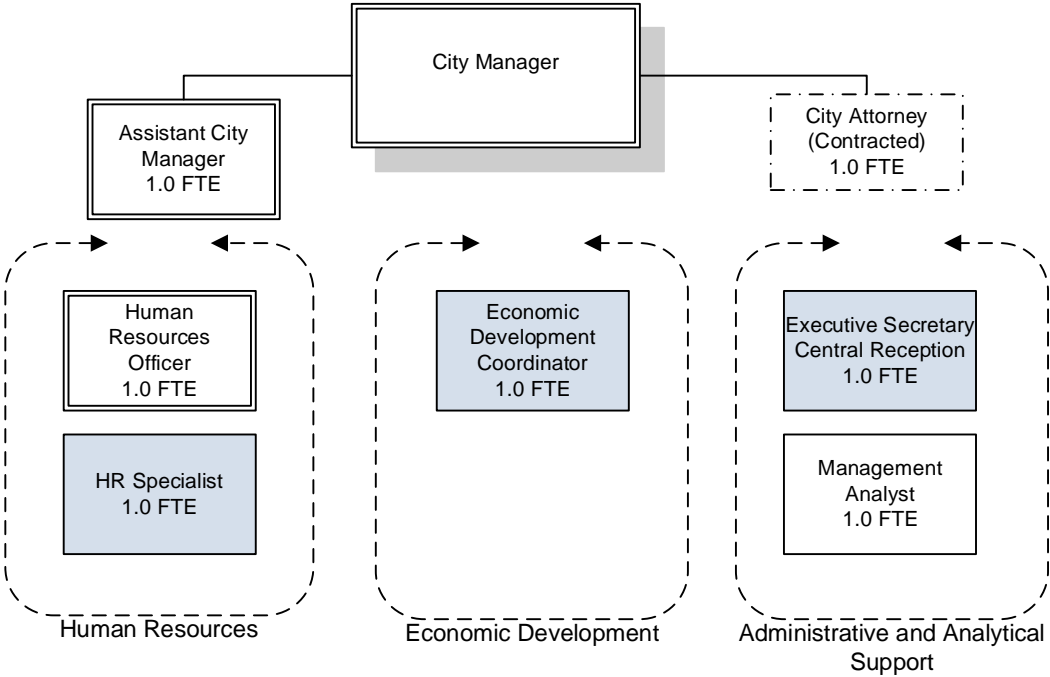


Figure 7: Proposed City Manager’s Office Organizational Structure

Legislative and Information Services

According to the City’s FY2023-25 Biennial Budget, the Legislative and Information Services Department’s purpose is to “be an effective, valuable communication point for the City Council, public, and staff; to ensure transparency and access to the legislative process and ensure compliance with applicable State and local laws and regulations relating to municipal elections, open meetings, financial reporting, and access to public records.”¹⁵

The department is staffed with 2.6 FTEs, including the City Clerk/Director of Legislative and Information Services, Deputy City Clerk/Communications Coordinator, and a part-time Executive Secretary. The department’s organizational chart is shown in the figure below.

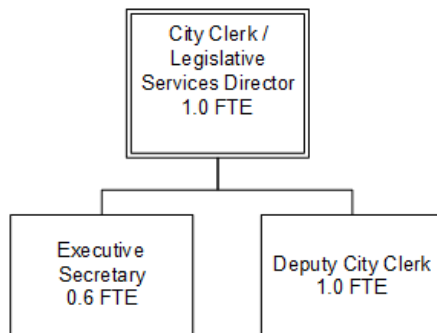


Figure 8: Legislative and Information Services Organizational Structure, FY2024-25

CORE SERVICE MATRIX

The department is responsible for two programs: the City Clerk and Public Information. An overview of the core services performed for each program area is detailed in the table below and is not meant to be all-inclusive.

Table 12: Legislative and Information Services Core Service Matrix

Division/Program Area	Core Services
City Clerk	<ul style="list-style-type: none"> • Provide support to the City Council, City Manager, City staff, and the public • Manage agenda process • Administer elections and access to City records • Attest, seal, and certify official City documents • Receive and file petitions, subpoenas, and summons • Manage and hold vehicle titles and registrations
Public Information	<ul style="list-style-type: none"> • Collect, develop, and organize information for public dissemination • Distribute information through various media channels, including news outlets, newsletters and mailers, social media, email, the City website, and Government Access TV

STAFFING LEVEL HISTORY

The department previously housed the City’s IT function, but this function was relocated to the Administrative Services Department in FY2021-22, reducing overall staffing by 2.0 FTEs. The full staffing history for the department from FY2020-21 to the present is shown in the table below.

Table 13: Legislative and Information Systems Department Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Director	1.0	1.0	1.0	1.0	1.0	0.0%
Information Tech Manager	1.0	0.0	0.0	0.0	0.0	-100.0%
Information Tech Specialist	1.0	0.0	0.0	0.0	0.0	-100.0%
Executive Assistant/Deputy City Clerk	1.0	1.0	0.0	0.0	0.0	-100.0%
Deputy City Clerk/ Communications Coordinator	0.0	0.0	1.0	1.0	1.0	100.0%
Sr. Office Assistant	0.6	0.0	0.0	0.0	0.0	-100.0%
Executive Secretary	0.0	0.6	0.6	0.6	0.6	100.0%
Total	4.6	2.6	2.6	2.6	2.6	-43.5%

STRUCTURE AND STAFFING RECOMMENDATION IMPACT

There are no recommended changes to the staffing or structure for the Legislative and Information Services Department. A handful of recommendations contained elsewhere in this report increase staff's capacity to continue providing core services as well as improve proactive planning and implementation of recommended operational efficiencies.

- **Streamline administrative responsibilities** – with the recommended addition of a central reception administrative position (Recommendation 10) and increasing HR staffing from 1.5 to 2.0 FTEs (Recommendation 11), the current administrative workload for the department should decline. The department is currently helping cover the workload demand for these functions as needed within City Hall. While it will be important for the department to help train new hires and provide backup support, it will streamline day-to-day responsibilities to align with core services.
- **Prioritize Strategic Communications Guidance** – part of the executive leadership team's roles and responsibilities includes oversight and guidance for key priorities in the organization (Recommendation 2). One of those priorities is to provide guidance and oversight for communication. This should help clarify and align the work of the Deputy City Clerk/Communications Coordinator with the organization, including a better understanding of the desired communication approach across all departments when interacting with the community.

OPERATIONAL EFFICIENCY RECOMMENDATIONS

Recommendation 12: Develop a plan to automate the public records requests by leveraging existing software to the greatest extent possible.

In interviews, staff noted that the workload associated with tracking and responding to Public Records Act (PRA) requests from the public has grown. The Deputy City Clerk estimates that approximately 25% of the time is now spent on public records requests. The PRA requires that Cities track and fulfill public requests for information from the public within 10 days, with certain exceptions. The City has no control over the volume of requests, phasing over time, or complexity. According to data provided by the department for this review, the number of PRA requests has increased by 53.5% from FY2019 to FY2024 as shown in the figure below. The dotted trendline shows an increase in workload.

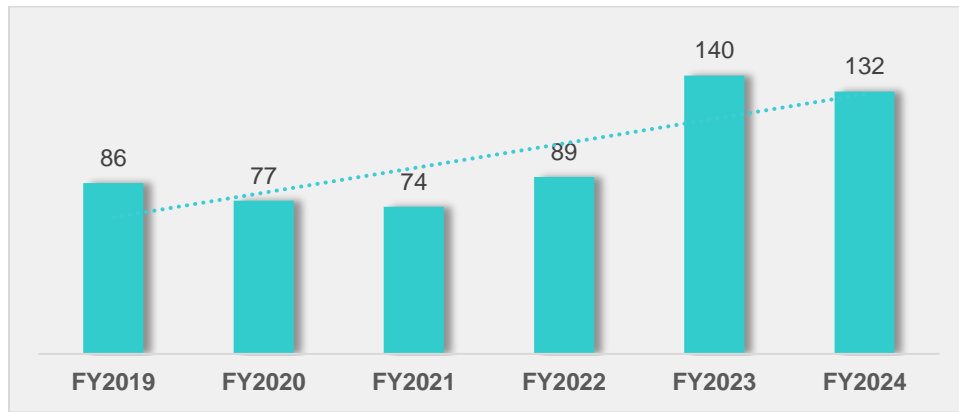


Figure 9: Public Records Request Volume, FY2019–FY2024

In interviews with several City staff, the lack of electronic records and the need for scanning of paper records was noted. The City is attempting to modernize by digitizing hard-copy documents as quickly as possible. The Legislative and Information Services Director/City Clerk is the City’s designated records manager. The Executive Secretary is tasked with coordinating records management with departments for destruction and retention, and the department has received budget funding this fiscal year for a large, outsourced scanning project. For internal staff, however, this work typically takes a backseat to more pressing and time-restricted tasks such as supporting the City Council agenda process. The City contracts with an outside consultant records management specialist who is knowledgeable about State laws and retention requirements to ensure compliance and provide annual updates; contracting for this specialization is common across municipalities. Physical records are stored in multiple buildings, including the City Council storage, Old City Hall basement, Corporation Yard, and Women’s Club basement (the last being rented space which costs the City money). The reduction of physical records could improve operational efficiency and save money, reducing the need for additional staff capacity and improving response times to customers.

The City has already invested in some software tools to support these processes. The City uses Laserfiche for records management and Escribe® for agenda production. There is, however, no software in place to automate the PRA process workflow, which passes through multiple departments until completion. At present, PRA tracking is done using a Microsoft® Excel spreadsheet and manual reminders on calendars. The department has plans to request PRA software in the next budget cycle.

Given the growing volume of PRA requests and the time required to track and fulfill them, it is recommended that the City identify and implement a software solution that would automate the tracking of these requests. The department staff should work with a Laserfiche partner/vendor to scope the requirements to determine if the existing solution would support an automated workflow to track requests. The Department can lean on vendor expertise and support for other organizations with similar objectives to see what might be feasible within the City’s application system and contract provisions. If existing software applications cannot support electronic workflow, the identification of separate software should occur, be budgeted for, and implemented in collaboration with the IT staff. Because Legislative and Information Services is the “hub” of the City’s records management and document workflow processes, it is paramount that the department takes the lead in selecting appropriate software for its purposes.

Long-term, tracking and analyzing PRA requests will provide insights into typical recurring requests and the amount of time it takes to respond. This data can inform where future process improvements would have a material impact on operational efficiency and staff time.

Administrative Services

The Administrative Services Department provides accurate and timely financial and accounting information by maintaining the City's financial systems and adequate internal controls, promoting transparency and fiscal responsibility. Additionally, the department collaborates with City departments to offer strategic technical guidance, ensuring technology initiatives are implemented efficiently and responsibly. The department encompasses seven FTEs across two divisions: Financial Services and IT. The organizational structure is depicted in the figure below.

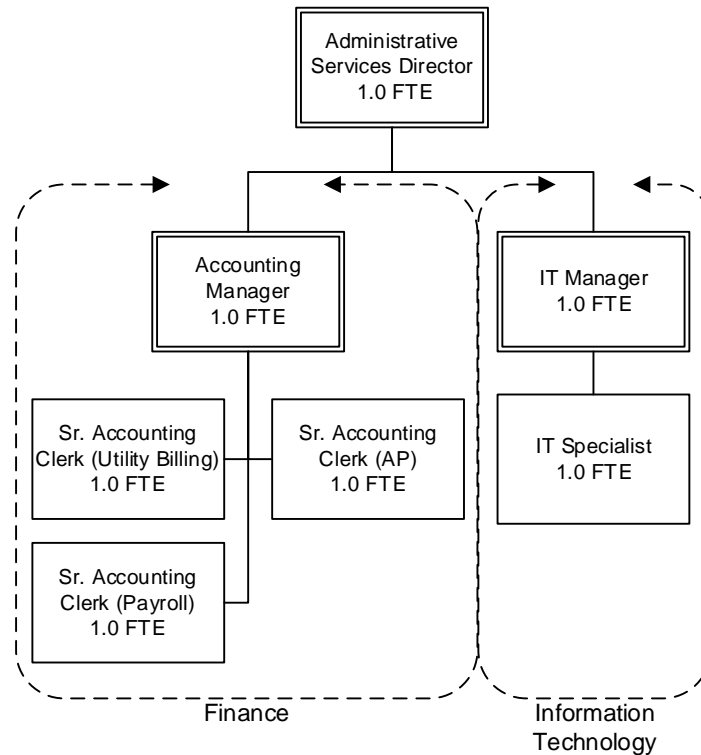


Figure 10: Administrative Services Organizational Structure, FY2024-25

CORE SERVICE MATRIX

An overview of the core services provided by each division is detailed in the table below and is not meant to be all-inclusive.

Table 14: Administrative Services Core Service Matrix

Division/Program Area	Core Services
Financial Services	<ul style="list-style-type: none"> • Manage the City's financial systems including utility billing, accounts payable, payroll, budgeting, and regulatory compliance • Prepare the City's annual operating budget and Annual Comprehensive Financial Report (ACFR) • Submit required reports to the state and other agencies • Provide accounting services for the FCFA • Track and ensure compliance with Measure E and Measure O sales tax measures
Information Technology	<ul style="list-style-type: none"> • Maintain and upgrade the City's IT infrastructure • Ensure network security and manage technology replacement programs • Provide technical support to City departments

STAFFING LEVEL HISTORY

Budgeted staffing totals in the department since FY2021-22 have stayed relatively consistent. However, as shown in the table below, the Department went through a reorganization in FY2021-22, during which the City's HR function was relocated to the CMO, and the IT Staff joined the department, having previously been part of the Legislative and Information Services Department. This reorganization led to the net gain of one FTE in the department.

Table 15: Administrative Services Department Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Director	1.0	1.0	1.0	1.0	1.0	0.0%
Human Resource Manager	1.0	0.0	0.0	0.0	0.0	-100.0%
Information Tech Manager	0.0	1.0	1.0	1.0	1.0	100.0%
Accounting Manager	1.0	1.0	1.0	1.0	1.0	0.0%
Accounting Supervisor	0.0	0.0	0.0	0.0	0.0	0.0%
Senior Accounting Clerk	3.0	3.0	3.0	3.0	3.0	0.0%
Information Tech Specialist	0.0	1.0	1.0	1.0	1.0	100.0%
Total	6.0	7.0	7.0	7.0	7.0	16.7%

STRUCTURE AND STAFFING RECOMMENDATIONS

The Finance Division workload is significant, with many tasks that have defined timelines that can increase the volume of work at different periods throughout the year. Recently, the division experienced turnover in one position, which is common for the profession, and it highlighted the impact of the existing workload, especially for the other positions responsible for absorbing the tasks. The implementation of a new enterprise resource planning (ERP) computer system required significant Department resources, in addition to meeting existing primary duties for each position. With the vacancy now filled, backup support and workload are adequately distributed; however, capacity for new initiatives or compliance requirements remains limited.

Recommendation 13: Add one Senior Accounting Clerk to the Finance Department.

The ability of the Finance Division to perform on time successfully is dependent upon staffing. Should there be no vacancies, the current staffing complement can meet basic needs and deadlines; however, turnover in recent years has highlighted the impact that vacancies can have on the department's key tasks, such as bank reconciliation and audit completion. Currently, each Senior Accounting Clerk position has a designated duty or function. The Accounting Manager is responsible for both back-up support and oversight for each of these functions. Ideally, the Financial Services staff could be cross trained in multiple functions. The recent Accounting Manager vacancy also highlighted the need to rely on external consultant support for core services like financial planning and reporting.

Outsourcing can be an effective way to add staff capacity without bringing on permanent staff salaries plus benefits. However, if the functional support provided is for routine tasks performed on a recurring basis, in-house staff over the long run are likely a more cost-effective solution. Consultants can still be utilized to support highly technical or specialized organizational needs. For this reason, adding an additional financial services position in the near term may yield a net cost benefit to the City while reducing the risk of performance declines when positions are vacant. It would also provide for additional backup to cover for absence (e.g., for vacation or training) and assist with succession planning so the City can internally promote staff rather than depend upon external recruitment when a

current staff member leaves or retires. The total estimated cost for this position, including benefits, is \$105,900 per year based upon the current salary schedule.

A short-term opportunity to reduce reliance on financial consultants may include collaboration with the Management Analyst position in the CMO for budget development. Often, policy analysis is directly tied to resource planning. This position holds a unique opportunity for the City to leverage in-house analytical capabilities that connect resource allocation and planning with policy priorities. Regardless, it is important that the department assign in-house contract management responsibilities to ensure performance standards are being adhered to by external contractors.

Recommendation 14: Leverage the upcoming IT Master Plan to determine staffing levels.

As shown in the Administrative Services organizational chart above, the City has two full-time IT staff members, the IT Manager and an IT Specialist. These two positions perform all IT work, including user support, connectivity to the FCFA technology system, Police mobile data terminals and car/bodycam video, Public Works SCADA support and connectivity, fuel depot technology, Citywide wireless and internet systems, two servers and data centers, cybersecurity, and audio-visual support including for the City Council chambers. Outsourcing work is minimal except for firewall and switching administration, which is performed by consultants through an annual contract and for the implementation of special projects and new systems.

The City is moving to modernize its technology infrastructure. To do so, the City will continue to invest in additional IT resources over time to ensure that the City's limited staff can work as efficiently and effectively as possible. Staff Citywide acknowledge this and recognize that effective implementation will require ongoing technical support for various applications that contribute to service delivery. IT staff noted that while they work very quickly, there is no dedicated support for public safety (Police and Fire) after normal business hours; the IT Manager typically responds either by phone or will come in, if necessary, but has worked to train Police and Fire staff to be as self-sufficient as possible.

Based upon data provided by IT staff, the unit averaged about 59 work orders/service tickets per month over the calendar year 2024. The service request ticketing system is fairly new and not 100% accurate, but it provides some insight into work volumes. A cursory review of the ticket log shows that the vast majority are providing service assistance to end users, such as setting up licenses and logins, troubleshooting software errors, and more. IT staff currently support 17 different software applications Citywide and an additional 12 for the Police Department. Monthly ticket volumes are provided in Figure 11 below.

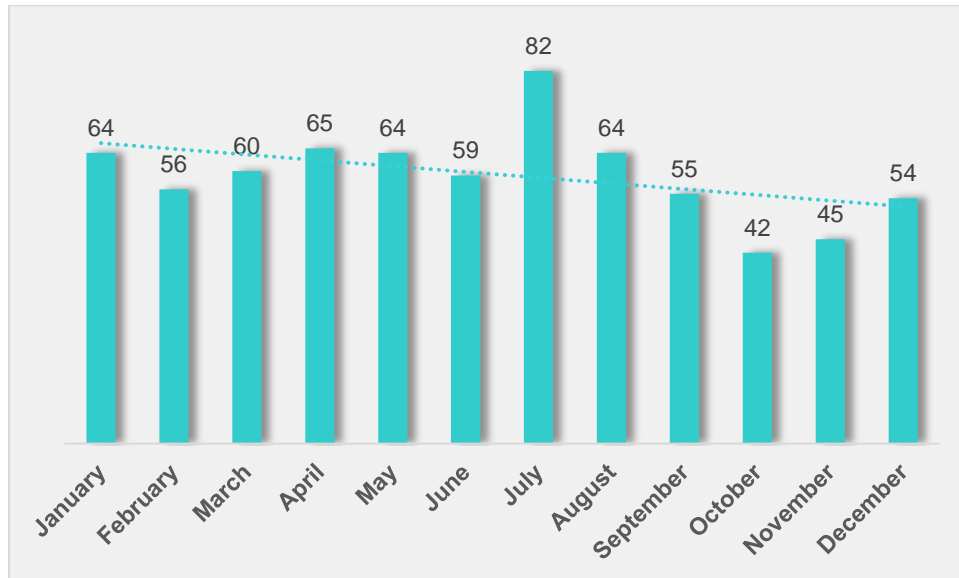


Figure 11: Information Technology Service Tickets by Month in 2024

Several departments in interviews noted the desire for more technology to continue to make processes more efficient. The new applications discussed included Geographic Information Systems (GIS), Tyler Munis financials, Asset Management and work order systems, Public Records Act requests, and more. The City also continues to work to strengthen cybersecurity to ensure its data and IT resources are safe.

The City has already issued an RFP and is in the process of developing an IT master plan with a consultant. This plan will outline the City's IT needs in detail, along with estimated staffing for implementation and ongoing support. In order to gain efficiencies through greater use of automation and to improve system security, Raftelis recommends the City fund and implement the master plan recommendations to meet the City's technology needs and ensure appropriate staffing levels.

The Master Plan recommendations should also inform the organizational structure of the City. IT, as a division of the Administrative Services Department, is a common practice among the benchmarking communities analyzed for this report; only Atascadero has a stand-alone IT department. Nationally, and certainly for larger organizations, however, common practice is for a stand-alone IT department. It is important that the organization understand the distinct functions of IT and work to ensure customer support needs are met. Similarly, it is important to include IT as a strategic partner among City leadership across the organization. IT staff need to interact with departments regularly to ensure technology solutions are working as intended. As part of succession planning, the ability to find Director-level leadership with both finance and IT expertise is rare and difficult. The City should continue to monitor customer service workload and resourcing requirements as outlined in the Master Plan recommendations to evaluate whether a stand-alone department is appropriate.

The following figure shows the proposed new organizational structure for the Administrative Services Department.

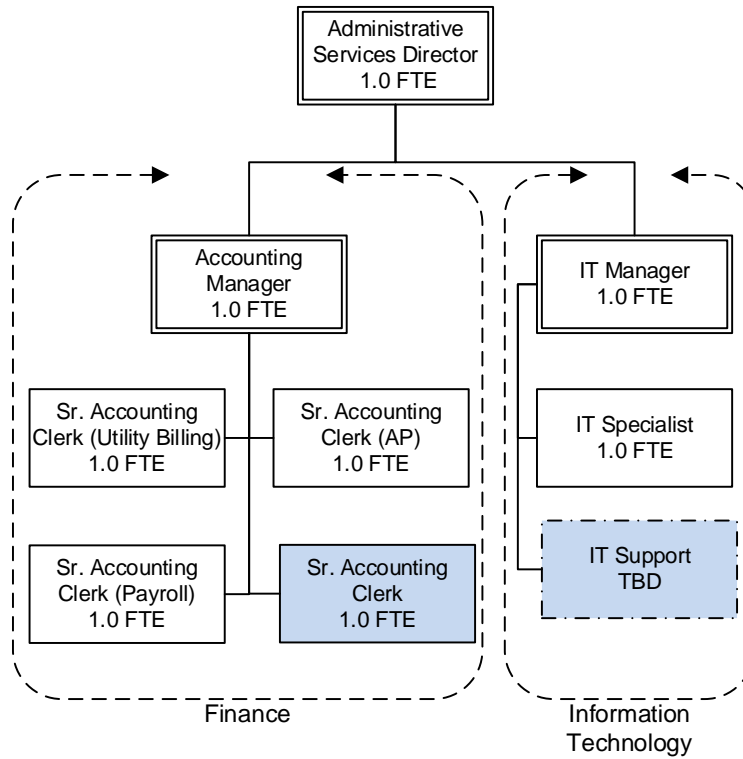


Figure 12: Proposed Administrative Services Department Organizational Structure

Public Works

The Public Works Department is responsible for the design, construction, maintenance, and operations of public infrastructure and facilities. This work is conducted by 30.8 FTEs across six divisions (Engineering, Utilities, Streets, Parks and Landscaping, Soto Sports Complex, and Fleet Maintenance). The organizational structure is depicted in the figure below.

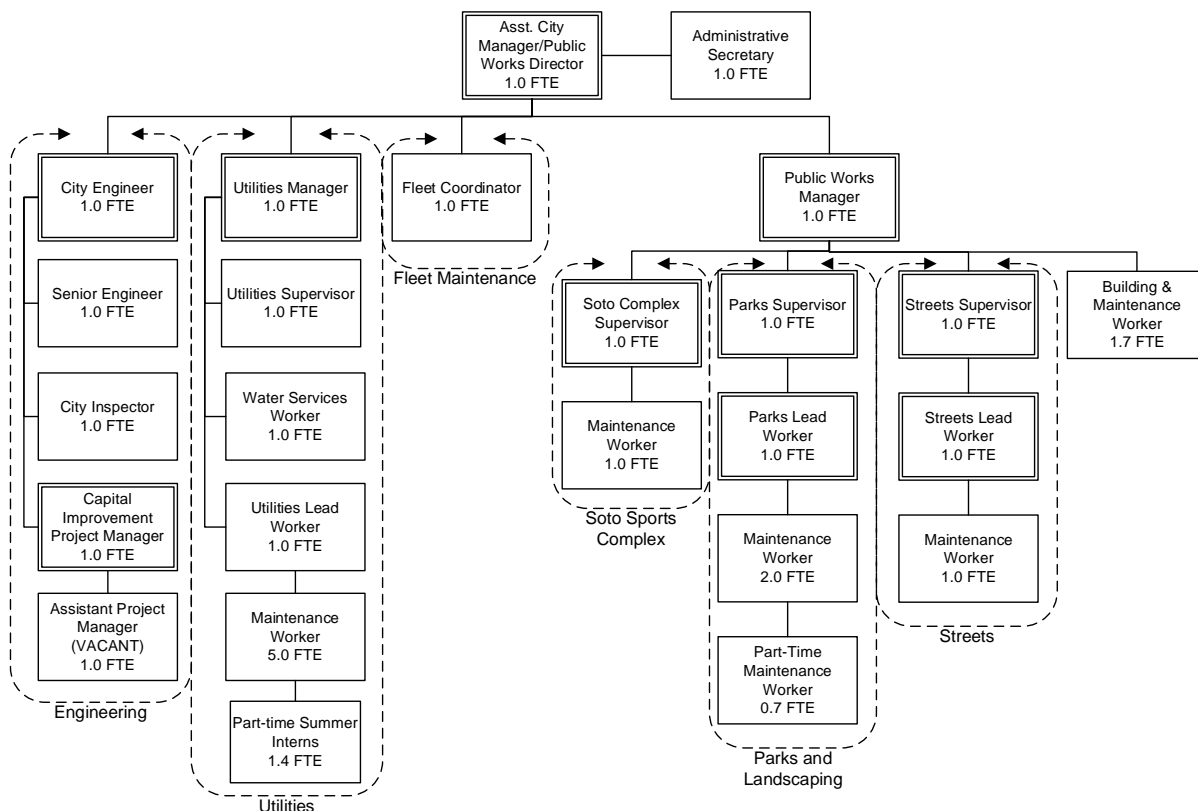


Figure 13: Public Works Organizational Structure, FY2024-25

CORE SERVICE MATRIX

The table below provides an overview of the department's core services by division, which is not meant to be all-inclusive. Public Works operations, comprising most divisions besides engineering and leadership/administration, were excluded from the scope of the organizational review; however, a summary of core services is included based on a discussion with division leadership and the City's budget document.

Table 16: Public Works Department Core Service Matrix

Division/Program Area	Core Services
Engineering	<ul style="list-style-type: none"> Ensure construction in the public right-of-way complies with adopted codes and engineering standards Manage subdivision processing and review Approve final subdivision maps Accept offers of dedication related to subdivisions Enter into agreements to complete required subdivision improvements

Division/Program Area	Core Services
	<ul style="list-style-type: none"> Conduct inspections, respond to service requests, and, in some cases, initiate proactive code enforcement
Utilities	<ul style="list-style-type: none"> Operate and maintain the City's water and sanitary sewer systems Manage critical infrastructure components, including water and sewer mains, pump and lift stations, reservoirs, and wells
Streets, Parks and Landscaping	<ul style="list-style-type: none"> Maintain all city streets, sidewalks, and public rights-of-way Maintain storm drains and street signage Perform maintenance of city parks and the Soto Sports Complex Maintain all City-owned buildings
Soto Sports Complex	<ul style="list-style-type: none"> Perform annual field maintenance activities, including hydroseeding, infield and outfield improvements, irrigation maintenance, fence repairs, and field lighting maintenance
Fleet Maintenance	<ul style="list-style-type: none"> Perform maintenance activities on the Citywide vehicle and equipment fleet, including oil changes, tire service, brake pad replacement, and rotor maintenance, as well as more complex repairs Manage the fleet replacement and surplus vehicle/equipment programs Handle procurement and bidding for new vehicles and equipment Oversee fuel purchasing and maintain fuel pump and dispenser systems Annually review and manage compliance with the San Luis Obispo County Air Pollution Control District (APCD) Permit

STAFFING LEVEL HISTORY

The scope of Raftelis' operational and organizational assessment included Public Works leadership (Director and Division heads), administrative support staff, and engineering staff. The Engineering Division was moved to Public Works from the Community Development Department in FY2023-24. Overall staffing levels have increased moderately since FY2020-21. The table below details staffing composition and changes over the past five years.

Table 17: Public Works Department Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Public Works Administration						
Director of Public Works	1.0	1.0	1.0	1.0	1.0	0.0%
Public Works Manager	0.5	0.5	0.5	0.5	0.5	0.0%
Administrative Secretary	1.0	1.0	1.0	1.0	1.0	0.0%
Capital Projects Manager	1.0	1.0	1.0	1.0	1.0	0.0%
Assistant Capital Projects Manager	0.0	0.0	1.0	1.0	1.0	100.0%
Engineering						
City Engineer	0.0	0.0	0.0	1.0	1.0	100.0%
Associate Engineer	0.0	0.0	0.0	1.0	1.0	100.0%
Engineering Inspector	0.0	0.0	0.0	1.0	1.0	100.0%
Parks						
Parks, Trees, and Landscape Supervisor	0.0	0.0	1.0	1.0	1.0	100.0%
Maintenance Lead Worker	1.0	1.0	1.0	1.0	1.0	0.0%
Maintenance Worker	1.0	1.0	2.0	2.0	2.0	100.0%
Part-Time Maintenance Worker	1.4	1.4	0.7	0.7	0.7	-50.0%
Streets						

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Public Works Manager	0.5	0.5	0.5	0.5	0.5	0.0%
Streets Maintenance Supervisor	0.0	1.0	1.0	1.0	1.0	100.0%
Maintenance Lead Worker	1.0	1.0	1.0	1.0	1.0	0.0%
Maintenance Worker	2.0	1.0	1.0	1.0	1.0	-50.0%
Soto Sports Complex						
Maintenance and Coordination Supervisor	0.0	0.0	1.0	1.0	1.0	100.0%
Maintenance Worker	2.0	2.0	1.0	1.0	1.0	-50.0%
Automotive Shop						
Fleet Maintenance Coordinator	1.0	1.0	1.0	1.0	1.0	0.0%
Government Buildings						
Building Maintenance Worker	1.0	1.0	1.0	1.0	1.0	0.0%
Part-Time Building Maintenance Worker	0.7	0.7	0.7	0.7	0.7	0.0%
Water Fund						
Utilities Manager	0.5	0.5	0.5	0.5	0.5	0.0%
Public Works Supervisor	0.0	0.0	1.0	1.0	1.0	100.0%
Public Works Lead Worker	1.0	1.0	1.0	1.0	1.0	0.0%
Water Services Worker	1.0	1.0	1.0	0.6	0.6	-40.0%
Maintenance Worker	4.0	4.0	3.0	3.0	3.0	-25.0%
Part-Time Summer Interns	0.7	0.7	0.7	0.7	0.7	0.0%
Sewer Fund						
Utilities Manager	0.5	0.5	0.5	0.5	0.5	0.0%
Water Services Worker	0.0	0.0	0.0	0.4	0.4	100.0%
Maintenance Worker	2.0	2.0	2.0	2.0	2.0	2.0%
Part-Time Summer Interns	0.7	0.7	0.7	0.7	0.7	0.0%
Total	25.5	25.5	27.8	30.8	30.8	20.8%

STRUCTURE AND STAFFING RECOMMENDATIONS

Recommendation 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.

The Public Works Department is essentially the largest non-safety department in the City. It requires dedicated leadership to ensure that the operations are efficient and effective, and consistent with the City Council and community strategies and objectives. Having the director assume the role of Assistant City Manager takes time and effort away from their leadership responsibilities as a department head, as indicated in Recommendation 1, it is essential that the Assistant City Manager role be transferred to a full-time position in the CMO.

Currently, the department's staffing organization structure is developed where all division heads report to the Director with no policy or guidance regarding who should be in charge if the Director is away or unavailable. Although it is unofficially understood that the City Engineer is expected to be in charge when the Director is unavailable, there is no official policy or clear communication to department staff that this is indeed the case.

In addition, having an officially designated Assistant Department Director allows for succession planning within the department to help prepare for a seamless transition when there is an opportunity for the department leadership position. The City Engineer is the senior position in the department after the Director and has responsibilities that cover all six divisions in the department. Therefore, it is the most logical position to be designated as the Assistant Director in addition to their role as the City Engineer.

Recommendation 16: Restructure engineering resources to align with Council infrastructure goals.

As previously indicated, the City Council has expressed its high-priority goal of infrastructure and resiliency to ensure that the community's needs for safety and improved infrastructure are expeditiously fulfilled. Progress for this goal rests in effective planning and delivery of capital projects. The Engineering Division holds the primary responsibility to implement the capital projects plan in a way that is consistent with the City's desire and priority order. To accomplish that, resources must be appropriately allocated to ensure adequate capacity for implementation. An example of implementation success was the planning and design approach used by the City's engineering team for sidewalk replacement; it was thorough and included enhanced transparency and communication between the City and community as the project was being implemented.

With the increase in size and scope of capital projects and to ensure that the same approach will be used in other project implementations, additional resources will be required to complete design, issue contracts, and conduct follow-up inspections as these projects are being implemented. Currently, the Engineering division has a vacant assistant project manager position. This creates an opportunity to restructure this position to provide dedicated capacity for full-time design and inspections of capital projects. This allows for 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 added 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 Raftelis' 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.

There is not a material cost impact associated with the reclassification. The figure below shows the proposed new organizational structure for the Administrative and Engineering Divisions in Public Works.

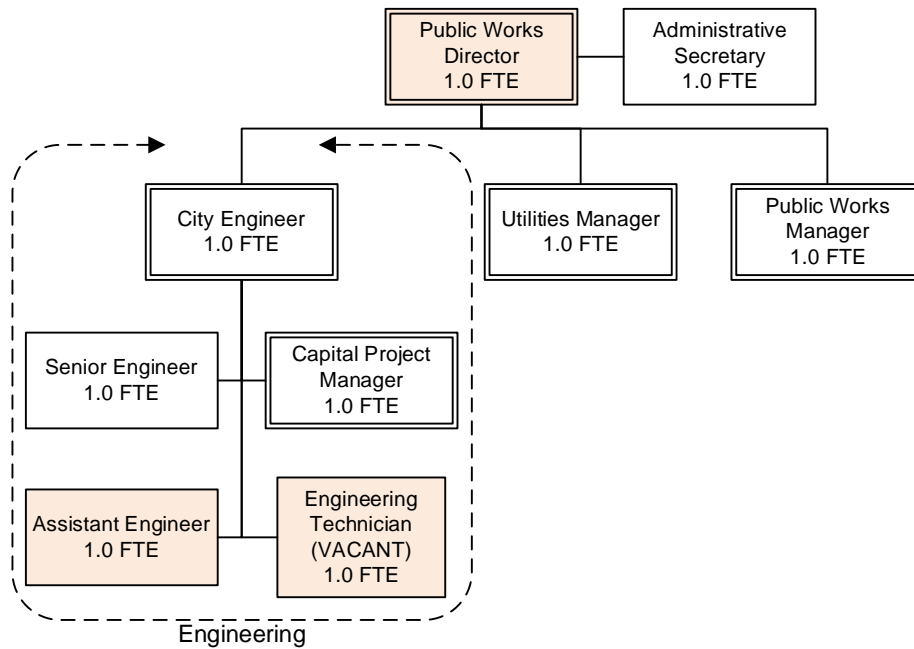


Figure 14: Proposed Public Works Organizational Structure, Administrative and Engineering

OPERATIONAL EFFICIENCY RECOMMENDATIONS

Recommendation 17: Develop a formalized Asset Management Program.

One of the four Major City Goals set by the City Council during the FY2023-25 budget cycle was to “invest in and complete critical infrastructure projects throughout the City through the strategic prioritization of projects based on available resources.” Additionally, the Vision and Guiding Principles for the General Plan Update include “Prioritizing infrastructure investments and maintenance of roads, public transportation, and community facilities to support our community’s quality of life.¹⁷” This focus on infrastructure and capital improvement projects emphasized the need for the City to adopt a formalized asset management program.

Effective asset management is vital for ensuring the sustainability and efficiency of a city’s critical infrastructure. In simple terms, asset management involves evaluating the condition of assets and prioritizing both preventative and reactive maintenance activities. The aim is to maximize the useful life of assets, reduce risks, and minimize costs. A formal asset management program seeks to enhance the value and lifespan of assets through regular maintenance and targeted capital investments.

When maintenance is deferred and resources are not allocated effectively, service levels can decrease, leading to premature asset failure and reducing the effectiveness of infrastructure investments. By implementing well-defined and efficient asset management practices, organizations can allocate their limited resources to the areas that need them most, thereby improving day-to-day operations and informing long-term capital planning efforts.

¹⁷ “Vision and Guiding Principles,” Plan Arroyo Grande, August 2024.

Asset management should be approached as a mindset or business practice in which a City’s infrastructure is viewed in an asset-centric manner rather than an operations-centric one. This perspective enables organizations to allocate limited resources more effectively and informs daily work planning as well as long-term capital improvements.

A formal asset management program involves conducting sufficient preventative maintenance and condition assessments to ensure that assets are kept in a predictable and known condition. This program facilitates the timely renewal and replacement of assets. If preventative maintenance is not performed regularly, the need for reactive or corrective maintenance will increase, leading to equipment failures. As this cycle continues, the demand and costs associated with reactive maintenance will outpace the ability to conduct preventative maintenance, resulting in a self-reinforcing cycle that exacerbates the problem.

The City should establish a formal asset management program to improve the efficiency, sustainability, and cost-effectiveness of the City's infrastructure maintenance and capital planning efforts. This program will enhance critical asset tracking, maintenance, and replacement planning while aligning operational strategies with capital investment priorities.

This can be done in the steps outlined below.

Step 1: Develop an asset inventory and perform condition assessments

A key initial step in developing this formal asset management program is completing an asset inventory and condition assessment. The inventory should categorize all assets by the likelihood of an asset failure and the potential consequences of failure. The likelihood of failure can be evaluated by considering the asset’s current condition and performance. When considering the potential consequences of failure, the department should assess the potential safety impact of failure, the potential environmental impact of failure, and the potential impact of failure on the City’s ability to provide services.

Both risks of failure and the likelihood of failure should be quantified with an overall number between one and 10, where one equals low risk/minimum consequences and 10 equals high risk/significant consequences. The two numbers can then be multiplied to produce the asset’s overall risk factor. For example, if an asset has a low risk of failure (three out of 10), but its failure would have a significant impact (eight out of 10), its overall risk factor would be three multiplied by eight, or 24. Assigning a risk factor to each asset will allow the department to identify its highest priorities for maintenance and repair. The department can also visualize its overall risk by plotting its assets in a matrix like below.

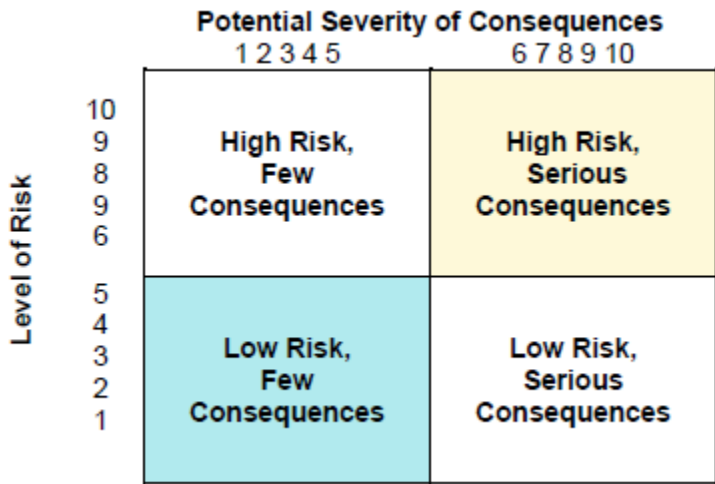


Figure 15: Risk/Consequence Matrix

The second step should be to develop a preventative maintenance schedule for each asset to maximize its useful life. The schedules should be based on the needs and concerns identified in the condition assessments, manufacturer recommendations, and industry best practices. The department should also evaluate the condition assessments to project repair and replacement needs in the near future.

The department should regularly update its asset inventory. Staff should be instructed to track any changes to an asset's status to ensure the department maintains an accurate record of its current condition. Furthermore, the comprehensive inventory should be reviewed annually and updated as needed.

Step 2: Develop an annual work planning process

Generally, work planning has five components:

1. **Service Level Targets** – The performance expectation of an activity tied to organizational goals
2. **Tasks to be Accomplished** – Specific tasks that need to be accomplished throughout the year
3. **Schedule** – The general timeline of when tasks need to be completed
4. **Estimated Resources Required** – The amount of staff time and other resources needed to accomplish each specific task
5. **Assigned Personnel** – The specific position(s) who will accomplish the task

The department should establish service level targets based on the organization's goals and the specific maintenance and operational needs of individual assets. For example, sewer mains need to be flushed regularly to prevent material buildup and reduce the likelihood of stoppages. The frequency and resources devoted will depend on community expectations or guidance from policymakers.

Maintenance and operational tasks should describe the specific assets that need to be maintained and the resources needed. Documenting these tasks clarifies expectations for what it takes to provide the desired service level.

Using the list of maintenance and operational activities required to support desired service levels, the department should develop a schedule for when tasks will occur. It is important to proactively schedule when preventative maintenance will happen to balance workload throughout the year or to ensure tasks are being accomplished as other service demands.

The department should also estimate the labor hours required to accomplish the tasks laid out in the department's work plan. These estimates are critical to informing scheduling and allocating staff throughout the year. One of the best ways to estimate future labor hour requirements is to measure how long staff takes to perform existing assignments. This is best accomplished by implementing a work order system, as discussed in the next step.

Finally, the department should understand who will perform the assigned maintenance or operational tasks, including whether contractors or seasonal staff will be necessary. Understanding the time commitment and scheduling should inform who is responsible for maintenance tasks and what services should be performed by contractors or seasonal staff. Assigning tasks as part of an annual work planning process can also help improve cross-training, skill-building, and collaboration among crews.

Step 3: Implement a Computerized Maintenance Management System

The Public Works Department does not currently utilize a work order management system. Implementing one will allow the department to document performance related to annual work plans and adjust them based on staff performance. It will also enable the City to balance proactive maintenance activities with reactive, complaint-driven work. Finally, tracking work orders, labor hours, and materials in a single system would improve the department's ability to collect performance data, track it over time, and report it.

The City should implement a Computerized Maintenance Management System. A CMMS is a software solution that assists organizations in planning, monitoring, and reporting maintenance tasks and the condition of community assets. It generates and tracks work orders and allows staff to schedule maintenance activities effectively.

A CMMS would better enable the City to monitor the completion of scheduled maintenance activities and balance proactive maintenance with reactive and emergency work. It would also facilitate report generation, repair scheduling, inventory forecasting, and determining when and what assets require maintenance. A CMMS would also allow for regular, holistic analysis of the department's workload and evaluation of whether service expectations are met. With this information, department leadership would be better equipped to make future staffing decisions.

A CMMS would also help track task completion time and materials. This information is helpful to understand the distribution of scheduled and reactive work completed by staff. It also enables the department to develop activity-based accounting, which is useful when making service-level decisions or evaluating opportunities to contract services. Finally, if a CMMS is integrated with the City's GIS systems, it allows staff to map and associate tasks with existing assets in the community.

Step 4: Incorporate asset management planning into the capital improvement process

Finally, asset management planning should be incorporated into the capital improvement process to ensure long-term sustainability and proactive maintenance. The program should be modeled after successful initiatives, such as the sidewalk improvement plan, using data-driven prioritization methods to:

- Assess asset conditions and identify maintenance and replacement needs
- Develop long-term investment strategies to balance short-term repairs with strategic replacements
- Prioritize projects based on risk, service level impacts, and available funding

A well-structured asset management program will strengthen the connection between capital investment planning and operational budgeting. This integration will:

- Ensure that long-term maintenance costs are factored into capital decisions
- Align funding strategies to optimize asset performance and reduce deferred maintenance
- Provide transparency and accountability in infrastructure investment decisions

By implementing a structured asset management program, the City will improve service delivery, reduce unexpected costs, and ensure the long-term sustainability of public infrastructure. This initiative will position the City of Arroyo Grande to proactively manage assets, extend their useful life, and optimize financial resources.

Recreation Services

The Recreation Services Department's purpose, according to the FY2023-25 Fiscal Year Budget, is “to provide healthy, sustainable, and safe environments and offer quality recreation, leisure, and cultural activities for people of all ages to play, learn, and build community. To foster human development and provide affordable health and wellness opportunities while supporting economic development by strengthening community image and sense of place.”¹⁵

The department is staffed with 5.9 FTEs, as shown in the figure below. The Recreation Specialist for Special Events part-time position was added during the FY2024-25 mid-cycle budget update.

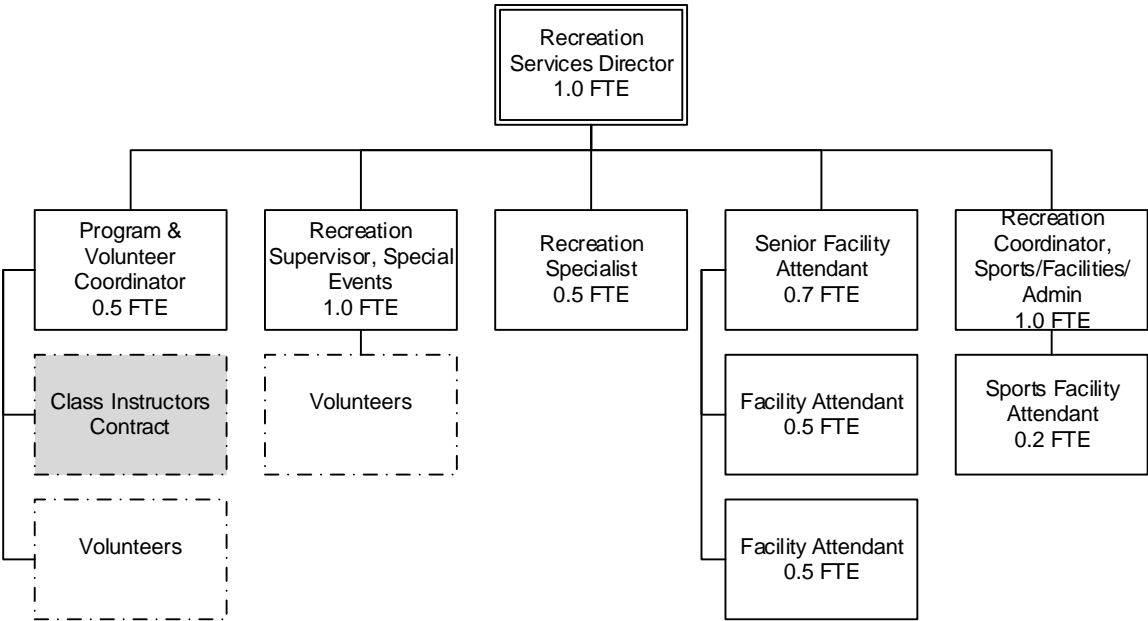


Figure 16: Recreation Services Organizational Structure, FY2024-25

CORE SERVICE MATRIX

The table below details an overview of the core services provided by staff for each program area; it is not meant to be all-inclusive.

Table 18: Recreation Services Department Core Service Matrix

Division/Program Area	Core Services
Recreation Administration	<ul style="list-style-type: none"> • Provide leadership and oversight for the Recreation Services Department • Deliver high-level customer service to both internal and external stakeholders • Represent the City in partnerships with non-profits and local businesses • Administer the Tourism Business Improvement District
Facilities	<ul style="list-style-type: none"> • Provide and facilitate access to public facilities, including two community centers, parks, Soto Sports Complex, Community Gardens, and tennis and pickleball courts • Coordinate public use requests and build relationships with external users • Administer and collect facility use fees
Special Events	<ul style="list-style-type: none"> • Plan, develop, and deliver opportunities for community engagement, fun, and celebration • Collaborate with local agencies, non-profits, and businesses to enrich the community
Volunteer Program	<ul style="list-style-type: none"> • Recruit, train, and oversee volunteers for events, special projects, and City operations • Build and maintain relationships with community groups and neighboring agencies
Adult and Youth Sports	<ul style="list-style-type: none"> • Coordinate adult basketball and softball sports leagues for the community • Coordinate the youth wrestling program • Provide relevant active sports opportunities for adults and youth
Special Interest Classes	<ul style="list-style-type: none"> • Contract with instructors to offer exercise, art, and enrichment classes • Partner with instructors and agencies to provide holiday and summer camps for youth

STAFFING LEVEL HISTORY

Recreation Services Department staffing has decreased by 64% since FY2020-21. This decrease is almost entirely due to the City's transition of the before and after-school childcare activities to the YMCA, which took place in FY2023-24. The department's full staffing history from FY2020-21 is shown in the table below.

Table 19: Recreation Services Department Staffing History

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Recreation Director	1.0	1.0	1.0	1.0	1.0	0.0%
Recreation Supervisor	0.3	0.3	0.3	1.0	1.0	233.3%
Recreations Coordinator	0.4	0.4	0.4	1.0	1.0	150.0%
Office Assistant I	0.4	0.4	0.4	0.0	0.0	-100.0%
Administrative Secretary	0.6	0.6	0.6	0.0	0.0	-100.0%
Volunteer and Class Coordinator	0.5	0.5	0.5	0.5	0.5	0.0%
Facility Attendant	1.7	1.7	1.7	1.7	1.7	0.0%
Sports Facility Attendant	0.2	0.2	0.2	0.2	0.2	0.0%
Recreation Specialist	0.0	0.0	0.0	0.0	0.5	100.0%

Position	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Budget	% Change
Recreation Supervisor - Preschool	0.2	0.2	0.2	0.0	0.0	-100.0%
Preschool Teacher	1.7	1.7	1.7	0.0	0.0	-100.0%
Recreation Supervisor - Children in Motion	0.5	0.5	0.5	0.0	0.0	-100.0%
Recreation Coordinator - Children in Motion	0.6	0.6	0.6	0.0	0.0	-100.0%
Teacher - Children in Motion	3.5	3.5	3.5	0.0	0.0	-100.0%
Assistant Teacher - Children in Motion	1.2	1.2	1.2	0.0	0.0	-100.0%
Assistant I and II - Children in Motion	2.2	2.2	2.2	0.0	0.0	-100.0%
Total	15.0	15.0	15.0	5.4	5.9	-60.7%

STRUCTURE AND STAFFING RECOMMENDATIONS

Recommendation 18: Transition the Tourism Business Improvement District (TBID) responsibilities to the Economic Development Program.

The Recreation Services Director and part-time Recreation Specialist position support the activities and requirements for the City's TBID. Looking ahead, TBID aligns with the broader Citywide focus on economic development and vitality. Recommendation 4 provides additional detail regarding a proactive economic development program and TBID's role.

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. The proposed new organizational structure for the Recreation Services Department is shown in the figure below.

- Numbers of residents or participants served or of local partners engaged
- Economic impact on local businesses
- Availability and access to lower socio-economic groups
- Cost recovery
- Staff and budgetary resources necessary for planning, execution, and any follow-up
- Redundancy or similarity to other existing community or regional events

Determinations regarding the balance of cost recovery to community benefit can be informed by the “Cost Recovery Pyramid”¹⁹ below.

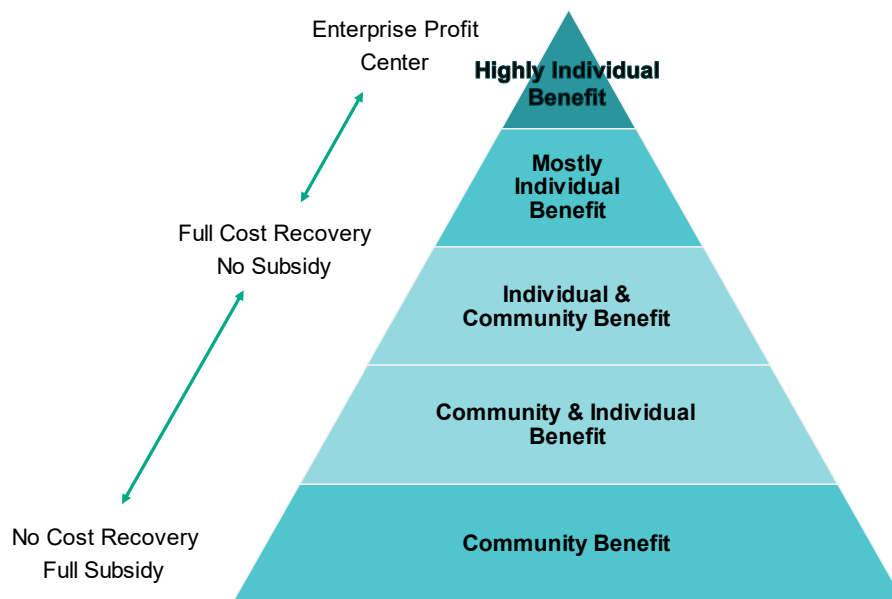


Figure 18: Cost Recovery Pyramid

If desired, a subcommittee of Recreation Services and internal services staff can perform the ranking and present results to City leadership for discussion and approval. The evaluation process should be timed to inform budget development, but the framework can detail any priorities that would justify adding new events during the fiscal year. If an existing or new event does not align with the City’s framework, then the department can use the opportunity to evaluate the event and communicate the reasoning behind the resulting decision with the full team. Some questions that can inform the process include:

- What staffing and materials are needed, and from which sources, to successfully prepare, execute, and wrap up the event?
 - Resources that are free or already budgeted should also be captured, as their use impacts availability for other events/programming
 - Consider: can community volunteers or partners support or even manage the event?
- What is the anticipated or demonstrated audience for the event?
- How does the event advance the City’s strategic plan objectives?
- How does the event support the department’s cost recovery goals?

¹⁹ Brandenburger, Alaina, “The Cost Recovery Pyramid: Methodology that Works,” The Leading Edge Newsletter: Winter/Spring 2014, GreenPlay LLC.

- Does the addition or continuation of the event inhibit the department's ability to pursue higher-priority opportunities?

A formalized process can also help ensure that programming aligns with the City's identified priorities. For example, events offer opportunities for requesting sponsorships from and/or driving customers to local businesses, which can support economic development. However, it can often be assumed that the opportunities can be accessed with simple, low-lift outreach while thoughtful planning and strategic communications are actually required.²⁰ The new framework can inform these kinds of decisions and maximize the City's investments in staff and financial resources.

²⁰ "Mastering downtown event evaluation." *Wisconsin Economic Development Center*, <https://wedc.org/mastering-downtown-event-evaluation/>.

Conclusion

The City of Arroyo Grande has transformed from agrarian roots to a full-service City. This growth required the effective allocation of limited resources to meet community needs. Looking ahead, the City Council has set clear goals designed to achieve economic vitality and sustainability through thoughtful development and organizational effectiveness. The recommendations outlined in this operational and organizational assessment are intended to strengthen the organization by identifying the resources and opportunities to best position the City for long-term success.

In particular, the staffing and structural recommendations identify the necessary staffing levels across departments and programs that support service delivery expectations. Where appropriate, they reflect full-time positions to recognize where the current or projected workload demand supports such needs. The implementation of these recommendations will need to consider the City's ability to support new positions with ongoing revenue and the timing of specific staffing changes or composition. For example, the City has actively begun succession planning for multiple leadership positions. Some recommendations may be best supported as part of the transition process. Ultimately, it is up to the City to determine the prioritization and timing of each recommendation.

The table below summarizes recommended staffing changes, including estimated fiscal impact. It is followed by a proposed Citywide organizational chart reflecting the recommendations contained in this report.

Table 20: Summary of Recommended Staffing Increases

New Position Job Title / Role	FTE Increase	Estimated Cost	Priority
Assistant City Manager	1.00	\$262,600	Short-term
Economic Development Coordinator (Reclass vacant PT to FT)	0.50	\$110,500	Short-Term
Community Development Office Assistant (PT to FT)	0.50	\$43,400	Short-term
Central Reception Administrative Support	1.00	\$100,100	Short-term
HR Specialist (PT to FT)	0.50	\$63,300	Short-term
Finance Senior Accounting Clerk	1.00	\$105,900	Long-term
IT Specialist / Customer Service Support	TBD	TBD	Long-term
	4.50	\$685,700	

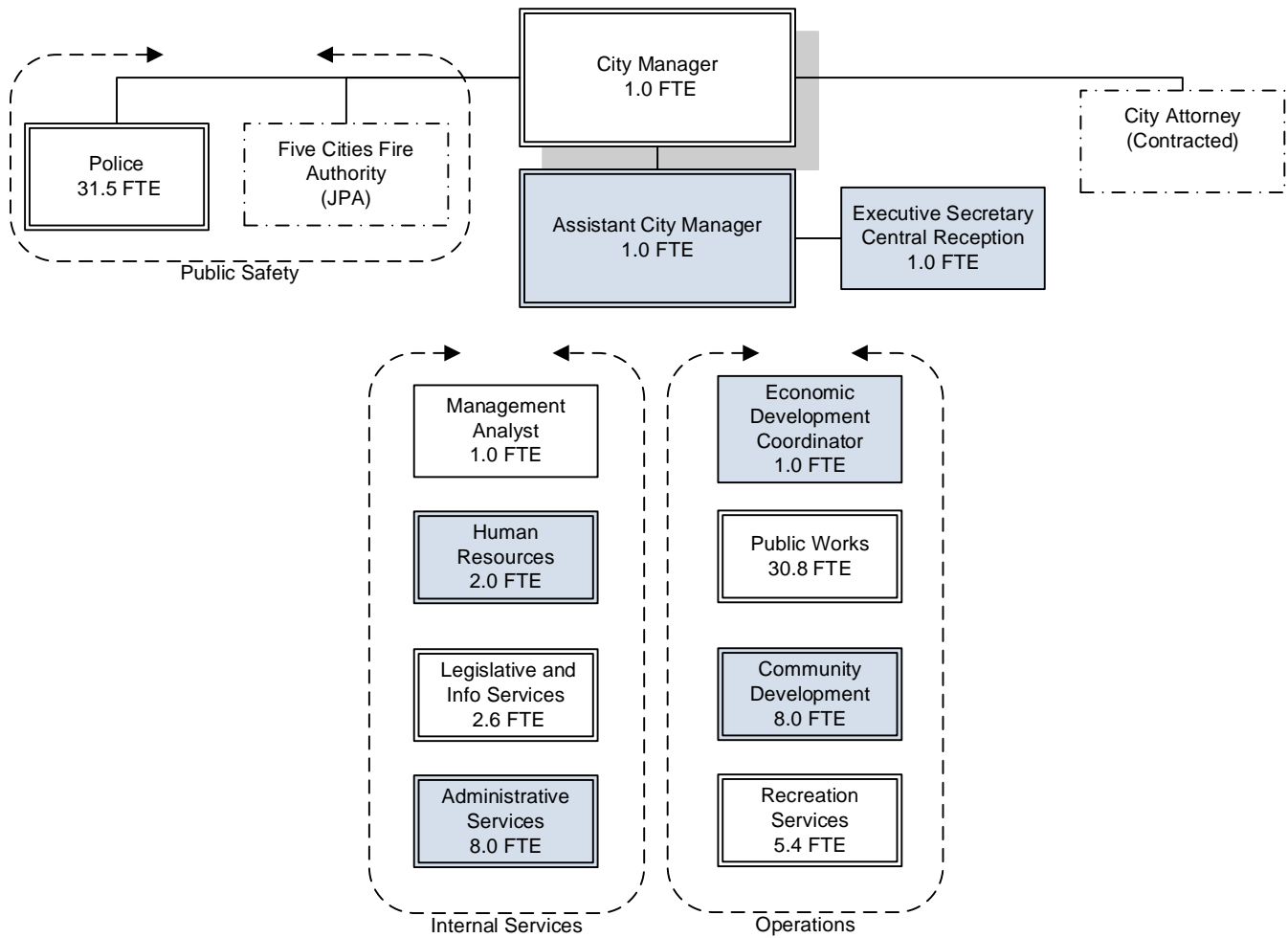


Figure 19: Proposed Citywide Organizational Chart