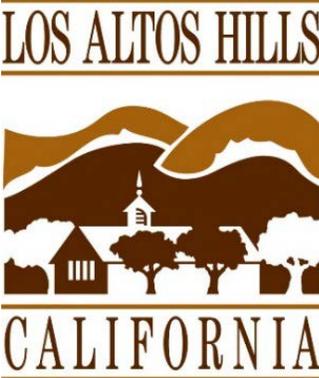


**Town of Los Altos Hills
Assessment of Town Operations**

May 19, 2017



**Management
Partners**





May 19, 2017

Hon. Gary Waldeck
Mayor
Town of Los Altos Hills
26379 Fremont Road
Los Altos Hills, CA 94022

Dear Mayor Waldeck:

Management Partners is pleased to transmit this project report detailing the results of the organizational assessment of the Town of Los Altos Hills operations. The assessment included a comparison with peer jurisdictions, an evaluation of the Public Work's contracting process, and an analysis of customer service needs and services.

The recommendations in the report were derived from various levels of analysis, including interviews with department directors and senior managers, an employee survey, a review of documents, Town customer and community surveys, employee and community focus groups and a peer benchmarking survey.

This report identifies opportunities for improving the work of the Town through a combination of organizational changes, priority setting, system improvements, and a reallocation of some resources.

Please do not hesitate to contact us if we may provide additional information or assistance to the Town of Los Altos Hills.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Belknap". The signature is fluid and cursive, with the first and last names being more prominent.

Andrew S. Belknap
Regional Vice President

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Executive Summary

The Town of Los Altos Hills engaged Management Partners to conduct an organizational assessment focusing on the City Manager's Office, the Planning and Building Department, and the Public Works Department. We conducted our study with an understanding of the uniqueness of the Town of Los Altos Hills.

The community is comprised of approximately 8,500 residents, encompassing 8.5 square miles. It does not have a commercial or industrial base. It operates with a council-manager form of government and has 23 employees that support a range of services, including planning, building inspection, code enforcement, engineering, public infrastructure maintenance, parks maintenance, a sewer system, recreation programs and other governmental functions. The Town is located in Santa Clara County and has a particularly high median household income of \$226,319 reflecting the economic strength of Silicon Valley.

An important element of this study was to obtain employee and customer input, which was done through interviews, small focus groups and confidential surveys. In addition, Management Partners surveyed peer municipalities and reviewed organizational and budget information provided by those jurisdictions. As part of this project, Management Partners also reviewed a variety of Los Altos Hills data and documents, including organization charts, capital improvement plans, contracts, municipal codes, customer satisfaction surveys, standing committee reports, memoranda and adopted budget documents.

Management Partners evaluated the organizational structure, reporting relationships, staffing levels and customer service for the Town of Los Altos Hills. This report includes an analysis of:

- Interviews and focus group themes,
- Peer comparisons,
- Customer service feedback,
- Public works' purchasing standards,

- Organizational alternatives and staffing needs, and
- Recommendations to address process improvements, staff training, and other operational improvements and efficiencies.

This report recommends that the Town undertake priority setting, improve communications, and make limited staffing and structural changes. The 25 recommendations address improvements, which will build on a foundation of commitment we observed from Town employees who enjoy strong support from the community. Attachment A provides a complete list of recommendations.

Methodology

Management Partners used a variety of analytical techniques in completing this organizational assessment of Town operations. Project team members examined staffing, workload and service demands, use of technology, and internal processes. We reviewed numerous documents, conducted individual interviews with department directors and supervisors, developed and deployed an employee survey and a customer survey, created a comment box for community members to share their views about city services, convened employee and community focus groups, researched best practices in selected areas, and conducted benchmarking with comparable agencies. The following sections describe the major components of the project's approach.

Document Review

During this study, Management Partners analyzed a variety of records including organization charts, capital improvement plans, contracts, municipal codes, customer satisfaction surveys, standing committee reports, Council staff reports and adopted budget documents.

Interviews

Management Partners conducted 14 interviews with current and former Los Altos Hills staff. The purpose of the interviews was to learn about the organization's structure, staffing and management systems, understand strengths and weaknesses of each division being studied, and to gain perspectives about the current culture in the organization. Interviewees elaborated on challenges and strengths in addition to what is currently working well in the Town and provided suggestions for improvement.

Employee Survey

An employee survey was administered to obtain input from Town staff. The goal of the survey was to assess the current climate in the organization and identify root causes of any morale problems.

A total of 22 individuals responded to the survey including both Town employees and regular on-site contractors and consultants. In addition to completing the survey questions, many provided comments.

Most employees indicated a high level of satisfaction with Town operations and the organization. Some indicated that staffing resources are light and that there are few opportunities for promotion within the Town.

Customer and Community Surveys

A customer satisfaction survey was developed to obtain input from Town customers and community members who used services during the month of April. An open comment survey was also linked to the Town's website for several weeks and directly shared with the public through Town emails and the Nextdoor neighborhood websites. While fewer than a dozen customer satisfaction survey responses were received, Management Partners did obtain nearly 100 open comment survey results as well as direct emails and phone calls from Town residents and vendors. Management Partners also called a sample of recent Town permit recipients who had professional experience working in other nearby jurisdictions. The results of all these surveys indicate a fairly high level of customer service and support with a wide range of both positive and negative comments. These results are also matched by the Town's most recent statistically valid public survey.

Focus Groups

Focus groups are excellent tools for listening to employees and community members elaborate on issues. A focus group can help explain why certain areas are concerning to individuals and can generate ideas about how the organization might improve.

Management Partners facilitated two employee focus groups and two community focus groups on April 25, 2017. In many ways, feedback received was consistent with the employee and community survey results. Employees articulated the need for increased front-line staff support and clearly established priorities. The customer focus groups were lightly attended but matched survey comments about both positive and challenging aspects of customer services, particularly related to land use and public works.

Benchmarking

The purpose of benchmarking is to provide context and show general comparisons between an agency and identified peers. The peer analysis provides a general overview of *what* functions peers perform and *how* they are performed, including staffing levels and service delivery strategies. In some cases, it may also help identify areas where peers implement best practices.

In consultation with the Town, we identified ten cities for comparison based on population, median household income, number of companies, police and fire service delivery, and general functional and service similarities. Eight of the towns selected agreed to participate. Information was obtained through an electronic survey.

Table 1 shows the county, population, median household income, number of private business located in that community, and police services for all the participating peers.

Table 1. Suggested Peers for Los Altos Hills

City	County	Population	Median Household Income	Number of Private Businesses	Population per Company	City Police Department
Atherton	San Mateo	7,081	\$250,000+*	622	11	✓
Half Moon Bay	San Mateo	12,052	\$103,255	1,157	10	✗
Hillsborough	San Mateo	11,253	\$229,097	1,240	9	✓
Los Altos	Santa Clara	30,075	\$175,938	3,807	8	✓
Los Altos Hills	Santa Clara	8,314	\$226,319	900	9	✗
Monte Sereno	Santa Clara	3,508	\$193,482	363	10	✗
Portola Valley	San Mateo	4,515	\$185,234	766	6	✗
Tiburon	Marin	9,158	\$131,542	1,509	6	✓
Woodside	San Mateo	5,479	\$250,000+*	921	6	✗
Peer Average		10,390	\$189,819	1,298	8	

Sources: 2015 population and median household income estimates are from the American Community Survey; 2012 number of companies is from the U.S. Census Bureau Survey of Business Owners, Police Department and Fire Department information is from city websites.

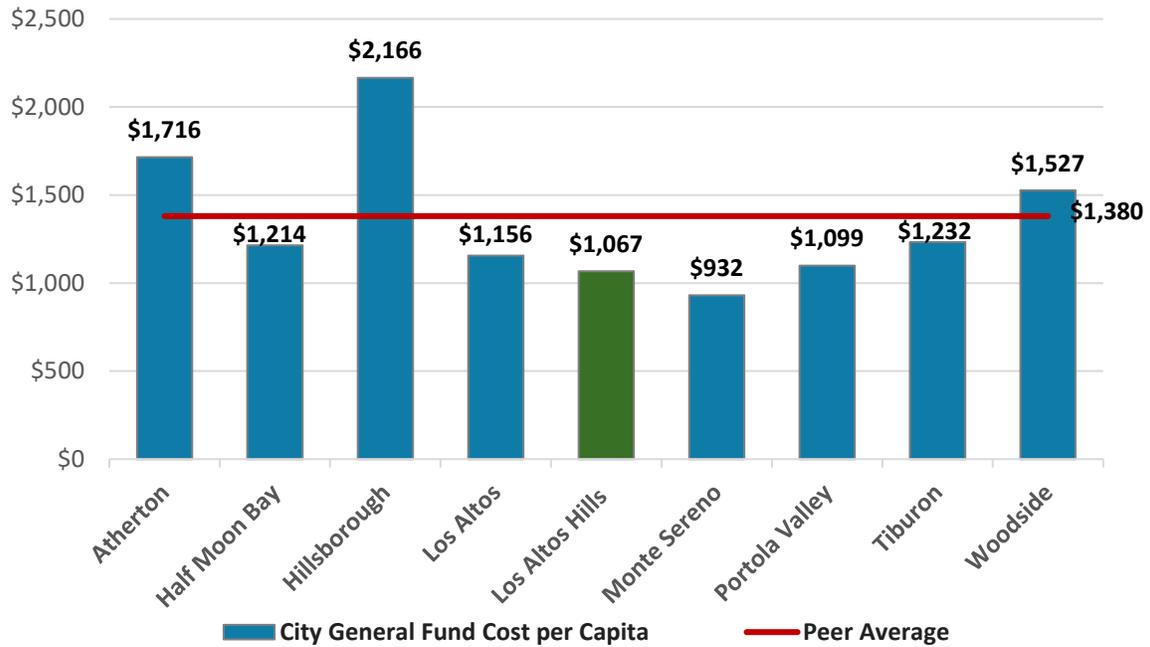
*The U.S. Census Bureau and the American Community Survey do not have median income estimates available for the towns of Atherton and Woodside. Census data shows that their median income is over \$250,000 for 2015.

Management Partners collected data about the organizational structure, staffing levels and performance measures used by peer agencies, as well as general information about service provision.

To understand relative expenditures, we compared general fund budget information to the population among the peers. Figure 1 shows this

calculation as the general fund cost per capita. The peer average for this group is \$1,380. Los Altos Hills is below the peer average for this indicator and is the second lowest overall.

Figure 1. Peer General Fund Costs per Capita



Additional comparative information is integrated throughout the remainder of the report.

Analysis and Recommendations

This section of the report contains analysis and recommendations about customer service and communication, staffing, organizational structure, contract processes, technology and business systems. Then we provide suggestions for improvement in the City Manager's Office, Planning and Building Department and Public Works Department.

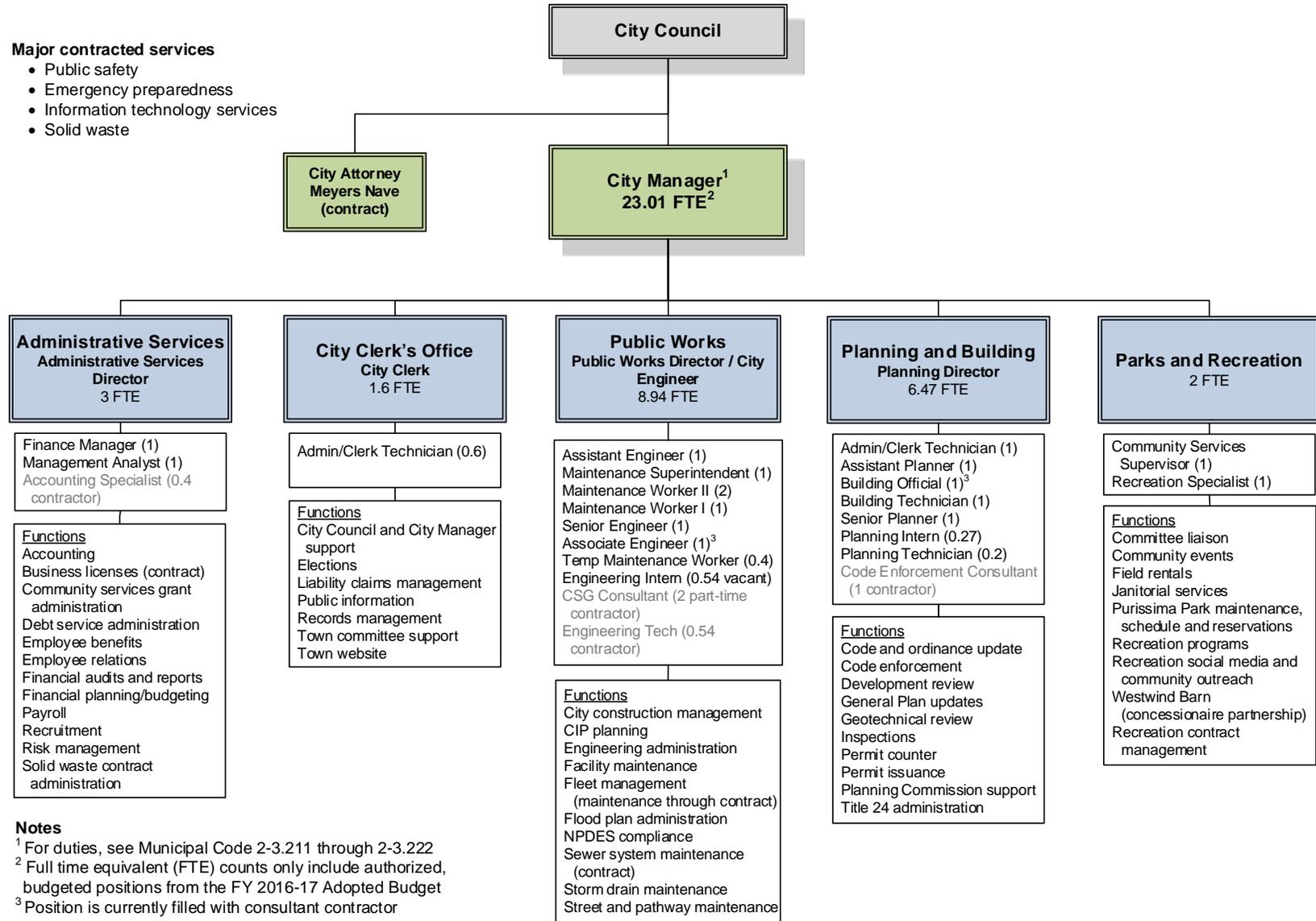
Organizational Structure

The Town of Los Altos Hills operates with a council-manager organizational structure comparable to the peer agencies, with the city manager and a contract city attorney both reporting directly to the City Council. As Figure 2 shows, each line department reports to the city manager. Note that police and fire services are provided externally by the County Sheriff and County Fire, respectively.

Nonetheless, the Town's structure is unique in a few ways. First, the Town's small size is reflected in a small staff, requiring that most employees perform a variety of functions on almost a daily basis with little backup capacity. In addition, the small staff structure makes succession planning more challenging as there is, at most, only one position that could possibly be viewed as a natural successor for each supervisorial position.

In fact, the three department directors (Administrative Services, Public Works, and Planning and Building) have all worked for the Town for less than two years, with only one having been promoted internally after serving in a prior role for only six months. This level of leadership transitions is not uncommon given ongoing "baby boomer" retirements, and is compounded by the common occurrence of smaller cities providing the first director level opportunity for emerging professionals who are then subsequently recruited by other organizations.

Figure 2. Current Town of Los Altos Hills Organization Chart



A second unique characteristic of Los Altos Hills is that the City Manager's Office consists of a single employee, the city manager, with administrative support shared by the city clerk and administrative services. In other peer agencies, one or both of these functions have been consolidated in the city manager's office to create day-to-day administrative, analytical and operating support for the city manager. The impacts of this unique structure will be discussed more fully below.

Third, the Town has a large number of advisory bodies and appointments that provide advice to the City Council or oversee direct service delivery through the Town or partner organizations. Most of these bodies meet monthly, usually in the evening, and typically require Town staff support. These advisory bodies and appointments are shown below.

Town Advisory Bodies

Community Relations (8 members, 7 associates)
Education (7 members, 1 associate)
Emergency Communications (10 members, 16 associates)
Environmental Design & Protection (8 members, 2 associates)
Environmental Initiatives (8 members, 4 associates)
Finance & Investment (9 members, 2 associates)
History (9 members, 3 associates)
Open Space (9 members, 2 associates)
Parks & Recreation (8 members, 6 associates)
Pathways (11 members, 1 associate)
Planning (5 members)
Public Art (7 members)
Youth Commission (up to 20 members)

Joint Town and City of Los Altos Advisory Bodies

Library Commission (2 Town members)
Senior Commission (2 Town members)
Community Volunteer Services Awards Committee (5 Town members)

Other Appointments

Art Curator (1 appointment)
North County Library Authority (2 appointments)
School District Finance Advisory Committee (1 appointment)
VTA Bicycle/Pedestrian Advisory Committee (1 appointment)

In addition, each Town commission has a Council member liaison.

As shown in Table 2 below, this number of advisory bodies and appointments is the highest for any of the comparison jurisdictions and roughly double the average of all the peers. Although this level of direct community involvement is both commendable and a hallmark of the Town, it also creates operating issues that need to be managed.

Table 2. Overview of Peer Advisory Boards

Peer	Total Number of Advisory Bodies	Total Number of Advisory Body Appointees	Average Number of Appointees per Advisory Body
Atherton	8	49	6
Half Moon Bay	4	42	11
Hillsborough	4	20	5
Los Altos	12	88	7
Los Altos Hills	17	181 ¹	11
Portola Valley	15	115	8
Tiburon	4	26	7
Peer Average	9	74	8

Source: City websites.

¹Includes members and associates as listed above.

Town staff have reported that the existence of so many advisory bodies and appointees directly increases staff workload considerably, taking as much as 30% of some individual’s workload. In addition, the sheer number of individual appointees, totaling 162 residents (with several having multiple appointments), creates increased demand for recruitment, appointment, orientation, ongoing communications, inquiries, responses and reports.

There were several public comments that were critical about the role of individual advisory bodies and appointees, ranging from lack of knowledge to overstepping authority to inconsistency with Council direction. Further, some advisory board members and appointees expressed concerns that relevant actions were not brought before them for consideration and recommendation prior to Council action.

To manage all of these impacts, the City Council should establish the correct number and size of advisory bodies and appointments, and clearly delineate the duties of each.

Recommendation 1. Eliminate, consolidate or reduce the size of several advisory bodies and appointments.

Recommendation 2. Adopt or amend the by-laws for each advisory body to clearly define the functions and authority for each body and their individual appointees.

New advisory board members and appointees, many of whom have served in prior leadership or supervisory roles, as well as new Town staff, may not have an understanding of the legally adopted operating structure of the Town. It is important to maintain a clear chain of command and reporting relationships for Town staff, especially given public sector financial, regulatory, employment and legal obligations. Advisory bodies and appointees clearly report to the City Council, and all Town staff clearly report directly, or through subordinates, to the city manager who, in turn, reports to the City Council.

Recommendation 3. Include advisory bodies and appointees on the Town organization chart.

Recommendation 4. Provide training for advisory board members and appointees regarding their roles and responsibilities on behalf of the Council.

Priority Setting

In the well-established council-manager form of government, the relationship between elected policy and decision makers and their appointed executive is critical. The manager must play a key role in providing the council with information they need to make decisions, as well as recommendations to frame the issue(s) before the council.

The mayor and council must then use the information available, as well as public and advisory input, to reach consensus, or at least a majority decision, on the issue(s) at hand. Delaying, avoiding, or taking ambiguous or mixed actions become decisions in themselves.

Following the council's action, the city manager then implements the council's direction, providing authority and support as needed to the organization to follow the council's action, often with the advice and support of legal counsel.

In addition to the policy and decision-making role of council outlined above, elected officials also usually serve as an essential conduit for customer input into the daily operations of government. This role can manifest as input to the city manager on both positive and negative aspects of organizational performance, as well as the submission of referrals or other constituent matters for follow-up by Town staff.

Our review of staff and customer feedback, as well as understanding the norms of local government throughout California and the nation, suggest that improved priority setting and constituent referral procedures would be beneficial. Specifically, it is a best practice for councils to adopt a very limited set of priorities each year on a two-year rolling basis. Ideally, these would emerge from the development of and adherence to a community-based strategic plan, but they can be also be adopted through an annual priority-setting process.

These council-adopted priorities provide clear direction for development of the budget and for the allocation of staff time. They can be posted publicly online, in staff work spaces and in the council chambers to ensure that emerging issues do not bump ongoing priorities, or that changes in priorities are only made by the full council.

It is important to note that most staff time is spent on day-to-day service delivery. This leaves at most only 20%, and sometimes as little as 15% for smaller cities, of staff time (typically supervisors and managers) to work on council-specified priorities. In addition, Council clarity of direction, financial resources, community acceptance, and external factors can constrain the achievement of priorities as much as staff resources.

Recommendation 5. Annually adopt a set of priorities to guide Council and staff work during the year ahead.

For small cities, almost any issue can rise to be a policy matter requiring city council attention and involvement. This is even more true in affluent communities with high expectations and demands, regardless of financial and staff resource limits. Many of these constituent referrals to council are an essential part of the small-town character of the community. However, it is important that such referrals not displace the requests of other community members who call in directly, visit the front counter, or otherwise submit their requests through another established process.

In Los Altos Hills, Council referrals through the city manager are often delegated to the appropriate department staff member as an immediate priority supplanting other scheduled special projects or customer work. For maintenance referrals, these can typically be accommodated in the flow of work for the day. However, for other functions in public works, planning, building and finance, Council referrals are often much more unpredictable and time-consuming, requiring research, analysis, coordination with other staff, supervisorial review and/or communications with outside contractors.

Our analysis revealed that this frequent and ongoing displacement of other work is both inefficient for the organization and leads to staff and

customer challenges and frustrations. However, we have seen many municipalities establish and utilize regular customer referral systems to ensure fair and fast customer service standards. Typically, these referral systems provide an immediate response within 24 hours acknowledging receipt of the request with a more complete response within a week, and usually sooner.

Recommendation 6. Establish a formal referral process to integrate Council and other direct referrals efficiently into the normal City workflow.

Beyond constituent referrals, which typically involve less than a full day of new staff work, there are often other substantive policy matters brought up through an advisory body, the full Council or individual Council members that warrant attention and direction. These are often challenging for municipal organizations to manage as they may not warrant displacing adopted council priorities, yet they are far more substantive than the simpler constituent referrals discussed previously.

Our experience is that effective direction on and resolution of these more substantive matters depends on the strength of the council-manager relationship, often expressed during public meetings. The city organization may or may not have capacity to address these issues depending on other work pressures, staff turnover, absences and the like. Consequently, the council will have to rely on the manager's assessment of the organization's capacity to respond. In addition, the council can allocate additional resources for the manager to utilize as needed in these and related cases.

Specifically, having additional analytical and expert capacity available solely and directly to the manager may prevent or at least reduce workload conflicts with other departmental customer service and established policy priorities. Further, the additional analytical capacity can ensure better management and monitoring referrals.

Recommendation 7. Include in the next budget a half-time senior management analyst reporting to the city manager and a special needs contingency appropriation up to \$100,000, utilization subject to advance notification to the Council.

The Town's many advisory bodies serve to utilize the expertise and experience of residents on Town priorities and operations. However, it has been reported by staff and residents that these bodies can serve as

subordinate councils, providing or changing direction to staff, including competing priorities. Consequently, it is important to ensure that the advisory bodies are well-aligned with the Council's priorities and staff capacity.

It is a best practice for jurisdictions that rely heavily on advisory bodies to provide a continuous flow of communications and support required to ensure directional alignment. These communications and support are often achieved through joint meetings with the City Council, budget and resource briefings with the city manager, and training on the roles and authority of advisory bodies and appointees.

Recommendation 8. Schedule annual meetings of the City Council with each advisory body to discuss priorities for the year ahead.

Recommendation 9. Schedule annual meetings of the city manager with each advisory body to discuss staff capacity and other resource constraints and needs.

Office of the City Manager

As discussed previously, the City Manager's Office is uniquely structured as a single employee, when compared to peers, with administrative support provided by shared resources in the City Clerk's Office and the Administrative Services Department. However, the chief administrative or executive function in most local governments only works through others, either by providing support for effective direction from the city council, or by ensuring that city staff follow the direction of the council.

The absence of direct support staff for the city manager requires the manager to redirect other operating departments and offices to meet Council or other priorities as they are identified.

The previously recommended addition of a senior management analyst, at least on a pilot basis, to the City Manager's Office will provide greater capacity in many areas, especially when augmented with the recommended appropriation of up to \$100,000 for special support upon prior notification to the City Council. Beyond meeting Council-adopted priorities with fewer disruptions to day-to-day work, the recommended augmentations will also provide opportunities for:

- Increased managerial time focused externally, both to the advisory bodies, and also to residents and resident organizations.

- Increased coordination of organization-wide communications and meetings regarding Council priorities, resource needs, system improvements, customer service and the like.
- Increased staff development and training, especially for new directors and supervisors, as well as resolving inevitable internal conflicts quickly.

While staff morale as reported in the employee survey appeared strong based on our experience, the opportunities outlined above will address additional issues raised repeatedly in the employee and customer surveys, interviews and focus groups.

Nonetheless, a high priority for the city manager, based on our research, is to manage the expectations of staff given competing needs and priorities from the City Council, advisory boards, day-to-day operations and customer services. In fact, we believe the Town may face additional challenging staff separations if the Town's priorities and operating needs are not brought into alignment. It must be noted that the local marketplace for experienced talent is quite challenging given extensive turnover in most municipalities, as well as the regionally driven high cost of housing and transportation.

Recommendation 10. Initiate both regularly-scheduled and impromptu communications between the city manager and residents about customer service and Town priorities.

Recommendation 11. Convene regular all-staff meetings led by the city manager to discuss Council priorities, resource constraints, and community service needs.

Recommendation 12. Provide new director support and greater interdepartmental coordination through orientations, coaching and team problem-solving.

Recommendation 13. Increase Council meeting and other public communications regarding staff workload constraints necessary to meet Council-adopted priorities.

Many jurisdictions utilize a professionally facilitated evaluation process to ensure constructive performance reviews and meaningful goal setting.

Recommendation 14. Engage a professional facilitator to support the upcoming annual evaluation of the city manager.

Citywide Staffing

Additional front-line staff support was the single greatest need identified by Town staff in the employee survey (see Attachment B). In fact, of 50 affirmative statements that staff were asked to evaluate, there was only one item that a majority of the staff disagreed with:

“My department has the right number of line staff to meet department needs.”

(From Attachment B, Table 9, Item 6)

However, Management Partners conducts 10-year economic forecasts for many jurisdictions throughout California. Due to rapidly rising expenditures, particularly related to pension costs, and a likely recession during the next three to five years, we are regularly seeing significant financial challenges ahead for cities statewide.

Consequently, we are not recommending significant staff additions or the conversion of the many contractual services currently utilized by the Town of Los Altos Hills for core Town services, except as specified later. Instead, we believe the reliance on contracted services may provide a needed buffer for budget reductions likely needed during the years ahead.

Recommendation 15. Develop an independent 10-year financial forecast utilizing Town data and projections.

Public Works Department

The Public Works Department provides essential services in terms of infrastructure maintenance, engineering for repairs and capital improvements, development review, and contract project management. Based on both customer and staff information, as well as the peer comparisons, it appears that the in-house maintenance functions are adequately staffed and supported with appropriate equipment. Obviously, even greater service levels might be possible with more staff and capital equipment, but are not recommended now given the economic forecasting considerations raised above, except as can be accommodated through one-time funding.

Engineering is more challenging, given changing department leadership, workloads and the reliance on contractual staffing. Both development and sewer engineering are staffed with one person, providing significant workloads for the incumbents and even greater challenges with absences, potential transitions, or new priorities in either function. The recently approved additional part-time staffing will help, but should be expanded

to full-time to at least meet the cross-training and backup staffing required for all engineering functions. In addition, given the challenges of recruiting engineering talent, a continuing search for appropriate level or even broad-band engineering support is warranted to meet future staffing needs.

Recommendation 16. Increase engineering staff support by an adding a half-time position to meet backup and cross-training needs in the department.

Recommendation 17. Launch an ongoing recruitment with an unspecified closing date for the engineering staff position currently filled by contract.

Public Works Contracting Process

The Town specified a review of the public works contracting process as part of the request for proposals. We conducted that evaluation by examining purchasing policies and procedures, considering recent sample public works contracting awards, and conducting team interviews with both finance and public works. During our evaluation we also identified that particular concerns may have been focused on the sewer maintenance and improvement process.

Our limited review did not identify any substantive public works contracting system failures; in fact, the last significant sewer contracting bid process had eight potential respondents on the pre-bidders call with three subsequently providing competitive proposals. In addition, while public concerns were raised about contracting lapses, this was denied by the responsible staff. Other public comments were also received regarding recent improvements in contracted services.

Nonetheless, we believe improvements are possible for both contract purchasing and management, especially given the Town's high reliance on outsourced services. Specifically, the Town's internal finance procedures specify a fairly standard centralized purchasing function. However, in practice, the responsible department line staff serve as de facto project managers independently managing both the procurement process and the subsequent contract implementation.

Increased centralized oversight of the contract procurement process will result in more competitive contracting with stronger provisions for Town contract management. In addition, this centralized resource will have the

capacity to research and review contracting opportunities and results in nearby jurisdictions for comparable services.

Recommendation 18. Add a half-time purchasing coordinator to administrative services, possibly combined with the half-time senior management analyst previously recommended for the City Manager's Office.

Contract management and oversight can also be strengthened with improved purchasing and contract language, as well as through increased documentation. It is a common fallacy to believe that outsourced services require less oversight than in-house services, and such oversight is often reduced during fiscally challenging and periods of high demand. Such reduced oversight can create subsequent contracting risks.

While our review suggests that sewer maintenance and repairs are being done appropriately through the Town's contract service providers, it remains the Town's responsibility to review and document the implementation decisions made on each project. This is the appropriate responsibility of the contract managers, subject to review by their directors.

Similarly, the terms of all significant contracted services should be maintained both centrally in administrative services and by the directors of the departments responsible for those services. This will ensure adequate time for subsequent competitive processes for future contracts and also prevent any lapses or over-payments in existing contracts. While the Town is not large enough to warrant a separate contract management system, a simple spreadsheet reviewed at least bi-monthly during management team meetings should suffice.

Recommendation 19. Increase documentation of existing contract timelines and contractor service delivery decisions.

Last, having a competitive contracting environment is essential for the delivery of cost-effective services by a third party. This can best be achieved by rebidding contracts regularly and by engaging multiple contractors for comparable service delivery.

For example, it is a best practice in local government to require a new procurement process for the agency's independent auditor at least every five years, both to ensure the best pricing available and to confirm the independence of the outside auditor, as is essential for local government financial integrity. Nonetheless, the Town delayed its procurement of independent auditing services for at least one year due to workload.

Similarly, the Town relies on single service providers for many land use functions such as plan checking and environmental review. While having primary vendors for these services ensures consistency across projects, many jurisdictions have secondary service providers under contract to assist during peak demand periods and to ensure competitiveness in service delivery both during the current contract and in future purchasing processes.

Recommendation 20. Ensure contracting competitiveness through regular contract rebidding and through the selective use of multiple contract service providers.

Planning and Building Department

The Los Altos Hills Planning and Building Department provides the standard services of most municipal community development departments including long range planning, current zoning and permitting, plan checking, building inspection and code enforcement. In addition, department staff provide substantive support to six advisory bodies as needed. As is common for many smaller agencies, many of these services are provided contractually, as detailed through the peer comparisons shown in Table 3.

Table 3. Overview of Peer Community Development

Peer	Function Service Provider (In-house, Contractor, Both)			
	Plan Review	Building Inspections	Planning	Code Enforcement
Atherton	Contractor	Contractor	Contractor	In-House
Half Moon Bay	Contractor	Contractor	Contractor	Contractor
Hillsborough	Both	Both	Both	In-House
Los Altos	Both	In-House	Not Available	In-House
Los Altos Hills	Both	Contractor	Both	Both
Monte Sereno	In-House	In-House	In-House	Contractor
Portola Valley	Both	In-House	Both	In-House
Tiburon	Both	In-House	In-House	In-House
Woodside	Both	Both	Both	Contractor

Source: Peer surveys completed by each city.

Land use functions are often the most challenging for local governments. Indeed, as with Los Altos Hills, it is not uncommon for these functions to receive the most complaints. Challenges typically result from many

factors, all of which were represented in Los Altos Hills' customer survey responses, as indicated below.

- Ambiguous requirements resulting from conflicting municipal code, general plan, legal or precedent-setting actions and interpretations;
- Inadequate records and documentation of prior decisions and actions, some dating back decades;
- Misperception of the regulatory "policing" function essential for building safety and planning compliance;
- Public policy disagreements over appropriate land use, design and other requirements;
- Neighboring property concerns and impacts; and
- High costs and delays associated with planning and building processes since the 1980s.

However, we also received a surprising number of customer surveys complimentary of Town planning and building staff, particularly in terms of helpfulness, responsiveness and professionalism. These responses were also matched by Town staff's self-perception that they excel at customer service despite inadequate information and resources in often ambiguous or conflict-filled processes.

To reconcile these divergent perspectives, Management Partners contacted nine recent Town permit recipients who also had professional experience working in other jurisdictions. These implicit comparative evaluations were meant to provide insights about opportunities for improving the planning and building functions in Los Altos Hills.

The overall results of this additional research documented that Los Altos Hills is generally perceived as providing quality land use support services. It is worth noting that only one other city received multiple mentions for having better land use related service standards than Los Altos Hills. In particular, respondents noted improved department leadership and appreciated the personal approach provided by the Town. They also recognized the ongoing turnover of staff that requires training and support to minimize inconsistencies and misdirection.

These respondents also identified several areas for potential improvements. First, the limited timeframe for grading permits (October to May) was cited by over half of the respondents as too restrictive and severely limiting the available construction season typical in the region. This constraint was also cited in at least two resident surveys.

Recommendation 21. Evaluate relaxation of grading permit restrictions for certain types of projects and/or allow grading earlier in the calendar year.

Second, the inaccessibility of contracted plan check and building inspection staff creates operating challenges for contractors who may need to wait one or two days to receive a response to even a simple inspection-related question. Similarly, receiving plan comments only as text, not as marked-up, scanned drawings, may create additional questions requiring resolution and cause further delays.

Recommendation 22. Provide specified telephone or in office access time for contract service providers, or email and telephone forwarding services through Town offices.

Third, Town staff noted challenges meeting customer needs with inconsistent counter hours for the planning, building and engineering functions. To the extent possible given limited staffing and contract support, hours should be aligned to move towards the “one stop shop” experience implemented by larger jurisdictions throughout the region, even if only for limited hours each week.

Recommendation 23. Align counter hours for planning, building and engineering to the greatest extent possible each week.

Last, several respondents noted the challenges of a complex and lengthy public review process that may involve multiple public meetings. No additional recommendations are provided regarding this concern since such public review processes are typical for communities that value environmental preservation and high-quality design.

This review also identified additional areas for possible improvements. It is clear from the public survey responses that there is widespread misunderstanding and lack of knowledge regarding the land use process. Many jurisdictions have tackled this problem through increased public information, both online and with printed resources. The cities of Fremont and Half Moon Bay are benchmarks for this approach.

Recommendation 24. Prepare and distribute educational information on the varied land use and permitting processes provided by the Town of Los Altos Hills.

The lack of a permit tracking system is currently being addressed and will greatly benefit future documentation requirements as well as more timely project management. However, other peer jurisdictions have incorporated public online accessibility for project tracking purposes, as reflected in Table 4 below.

Table 4. Matrix of Peer Community Development Technology

Peer	Mobile Technology for Field Inspectors	Building Permit Tracking Software	Online Permit Status Display	Electronic and/or Fax Permit Issuance	Over the Counter Plan Checks
Atherton	✓	✓	✓	✗	✓
Half Moon Bay ¹	✗	✓	✗	✗	✓
Hillsborough ²	✗	✓	✓	✓	✓
Los Altos	✗	✓	✗	✗	✓
Los Altos Hills ¹	✗	✓	✗	✓	✗ ³
Monte Sereno	✗	✗	✗	✗	✓
Portola Valley ¹	✗	✓	✗	✗	✓
Tiburon ¹	✗	✓	✗	✗	✓
Woodside	✓	✓	✓	✗	✓

Source: Peer surveys completed by each city.

¹The Towns of Half Moon Bay, Los Altos Hills, Portola and Tiburon are currently in the process of updating their permit systems to allow customers to check their permit status online.

²The City of Hillsborough only offers certain permits by fax and does not issue electronic permits.

³The Town of Los Altos Hills only offers over the counter plan checks for smaller projects, such as demolition permits and plumbing permits.

In addition, document imaging of new and historical records will resolve future records management issues to the greatest extent possible. Similarly, geographic information systems (GIS) are rapidly increasing in power and usability, even for smaller jurisdictions.

Recommendation 25. Expand the functionality of the new TRAKiT permitting system to include secure public access, greater document imaging, and eventually a citywide GIS incorporating land use, public easement and sewer system information.

Conclusion

The Town of Los Altos Hills is an exceptional organization serving a high-quality community with high expectations and demands. With a small staff and limited financial resources, the Town is generally well-organized to provide effective core services.

However, as with most municipal organizations, improvements are possible in several areas, including focus on Council priorities, improved performance measurement, better customer service, and improved operations in the City Manager's Office, Public Works, and the Planning and Building Department.

When implemented, the recommendations in this report will help the Town make those improvements.

Attachment A – List of Recommendations

Recommendation 1. Eliminate, consolidate or reduce the size of several advisory bodies and appointments.

Recommendation 2. Adopt or amend the by-laws for each advisory body to clearly define the functions and authority for each body and their individual appointees.

Recommendation 3. Include advisory bodies and appointees on the Town organization chart.

Recommendation 4. Provide training for advisory board members and appointees regarding their roles and responsibilities on behalf of the Council.

Recommendation 5. Annually adopt a set of priorities to guide Council and staff work during the year ahead.

Recommendation 6. Establish a formal referral process to integrate Council and other direct referrals efficiently into the normal City workflow.

Recommendation 7. Include in the next budget a half-time senior management analyst reporting to the city manager and a special needs contingency appropriation up to \$100,000, utilization subject to advance notification to the Council.

Recommendation 8. Schedule annual meetings of the City Council with each advisory body to discuss priorities for the year ahead.

Recommendation 9. Schedule annual meetings of the city manager with each advisory body to discuss staff capacity and other resource constraints and needs.

Recommendation 10. Initiate both regularly-scheduled and impromptu communications between the city manager and residents about customer service and Town priorities.

Recommendation 11. Convene regular all-staff meetings led by the city manager to discuss Council priorities, resource constraints, and community service needs.

Recommendation 12. Provide new director support and greater interdepartmental coordination through orientations, coaching and team problem-solving.

Recommendation 13. Increase Council meeting and other public communications regarding staff workload constraints necessary to meet Council-adopted priorities.

Recommendation 14. Engage a professional facilitator to support the upcoming annual evaluation of the city manager.

Recommendation 15. Develop an independent 10-year financial forecast utilizing Town data and projections.

Recommendation 16. Increase engineering staff support by adding a half-time position to meet backup and cross-training needs in the department.

Recommendation 17. Launch an ongoing recruitment with an unspecified closing date for the engineering staff position currently filled by contract.

Recommendation 18. Add a half-time purchasing coordinator to administrative services, possibly combined with the half-time senior management analyst previously recommended for the City Manager’s Office.

Recommendation 19. Increase documentation of existing contract timelines and contractor service delivery decisions.

Recommendation 20. Ensure contracting competitiveness through regular contract rebidding and through the selective use of multiple contract service providers.

Recommendation 21. Evaluate relaxation of grading permit restrictions for certain types of projects and/or allow grading earlier in the calendar year.

Recommendation 22. Provide specified telephone or in office access time for contract service providers, or email and telephone forwarding services through Town offices.

Recommendation 23. Align counter hours for planning, building and engineering to the greatest extent possible each week.

Recommendation 24. Prepare and distribute educational information on the varied land use and permitting processes provided by the Town of Los Altos Hills.

Recommendation 25. Expand the functionality of the new TRAKiT permitting system to include secure public access, greater document imaging, and eventually a citywide GIS incorporating land use, public easement and sewer system information.

Attachment B – Employee Survey and Focus Group Results

Overview

The Town of Los Altos Hills engaged Management Partners to conduct an organizational assessment of Town operations identify opportunities for improvement. As part of this project, Management Partners administered an employee survey and held two focus groups to gather input and feedback from Town employees. The survey asked both closed-ended and open-ended questions while the focus groups engaged employees in a discussion about areas of strength and areas for improvement with the organization.

Survey-Specific Results

Management Partners developed and administered an employee survey to obtain ideas about the following topics:

- Workload, staffing, organization, and resources;
- Communication and teamwork;
- Recruitment, retention and promotional opportunities;
- Training, systems and equipment; and
- Customer service.

The survey was available online from April 3 to April 7. A total of 22 employees responded. Generally, the results indicate a high level of satisfaction across all areas.

Closed-Ended Survey Results

The following tables summarize the survey responses. The cells highlighted in yellow show the results with the most responses to each question. We have used orange highlights when the responses to “disagree” and “strongly disagree” were significant (over 40%).

Table 5 shows the number of years employees have worked for the Town of Los Altos Hills. The majority of respondents (68%) have worked for the Town for less than five years.

Table 5. How long have you been working for the Town of Los Altos Hills?

Years Employed by the Town of Los Altos Hills	Response
Less than 5 years	15 (68%)
5 to 15 years	5 (23%)
Over 15 years	2 (9%)
Answered Question	22
Skipped Question	0

Table 6 shows the classification levels of employees. The majority of respondents (55%) were line staff.

Table 6. Which of the following best describes your position?

Position Type	Response
Management	4 (18%)
Supervisory	6 (27%)
Line Staff	12 (55%)
Answered Question	22
Skipped Question	0

Table 7 shows the department within which respondents work. The Public Works Department had the most respondents with 36% percent of respondents located within the department.

Table 7. What is your current town department?

Department	Response
Administrative Services Department	3 (14%)
City Clerk's Office	2 (9%)
Planning and Building Department	6 (27%)
Public Works and Engineering Department	8 (36%)
Parks and Recreation Department	2 (9%)
Other	1 (5%)
Answered Question	22
Skipped Question	0

Table 8 shows the age of employees. The majority of respondents (54%) are between 35 to 50 years old.

Table 8. What is your current age?

Position Type	Response
Under 35 years old	7 (32%)
35 to 50 years old	12 (54%)
Over 50 years old	3 (14%)
Answered Question	22
Skipped Question	0

Table 9 shows the responses to questions related to workload, staffing, organization and resources. The majority of responses indicate a high level of satisfaction with resources; however, 50% of respondents feel that their department does not have the right number of line staff to meet its needs.

Table 9. Survey Responses to Questions about Workload, Staffing, Organization, and Resources

Survey Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
1. I understand what is expected of me in my day-to-day duties.	22 (100%)		0 (0%)		0 (0%)
	13 (59%)	9 (41%)	0 (0%)	0 (0%)	
2. I am able to complete my day-to-day duties during normal work hours.	17 (77%)		5 (23%)		0 (0%)
	6 (27%)	11 (50%)	3 (14%)	2 (9%)	
3. I like the work I do.	22 (100%)		0 (0%)		0 (0%)
	9 (41%)	13 (59%)	0 (0%)	0 (0%)	
4. I have the support and resources I need to complete my duties.	19 (86%)		2 (9%)		1 (5%)
	7 (32%)	12 (55%)	2 (9%)	0 (0%)	
5. My department has the right number of managers and/or supervisors to meet department needs.	20 (91%)		2 (9%)		0 (0%)
	7 (32%)	13 (59%)	2 (9%)	0 (0%)	
6. My department has the right number of line staff to meet department needs.	10 (45%)		11 (50%)		1 (5%)
	3 (14%)	7 (32%)	10 (45%)	1 (5%)	
7. My department is well organized to deliver the services we provide.	21 (95%)		1 (5%)		0 (0%)
	9 (41%)	12 (55%)	1 (5%)	0 (0%)	
8. My managers are open to ideas for improvement from line staff.	21 (95%)		1 (5%)		0 (0%)
	8 (36%)	13 (59%)	1 (5%)	0 (0%)	
9. My managers use feedback from line staff when making decisions about policies and procedures.	20 (91%)		0 (0%)		2 (9%)
	8 (36%)	12 (55%)	0 (0%)	0 (0%)	
10. My managers continuously strive to improve the management of the department.	18 (82%)		2 (9%)		2 (9%)
	7 (32%)	11 (50%)	2 (9%)	0 (0%)	
11. My division/group has the resources to do the work we need to accomplish.	18 (82%)		4 (18%)		0 (0%)
	3 (14%)	15 (68%)	4 (18%)	0 (0%)	
12. Resources to divisions/groups are allocated equitably.	17 (77%)		4 (18%)		1 (5%)
	5 (23%)	12 (55%)	2 (9%)	2 (9%)	
Answered Question					22
Skipped Question					0

Table 10 shows the responses to questions related to communication and teamwork. The majority of responses indicate a high level of satisfaction within this area.

Table 10. Survey Responses to Questions about Communication and Teamwork

Survey Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
1. My team works well together.	21 (100%)		0 (0%)		0 (0%)
	12 (57%)	9 (43%)	0 (0%)	0 (0%)	
2. Teamwork within my division/group is good.	21 (100%)		0 (0%)		0 (0%)
	11 (52%)	10 (48%)	0 (0%)	0 (0%)	
3. My coworkers treat one another respectfully.	21 (100%)		0 (0%)		0 (0%)
	12 (57%)	9 (43%)	0 (0%)	0 (0%)	
4. Teamwork within my department (between divisions/groups) is good.	20 (95%)		1 (5%)		0 (0%)
	9 (43%)	11 (52%)	1 (5%)	0 (0%)	
5. Department-wide communications are good.	20 (95%)		1 (5%)		0 (0%)
	8 (38%)	12 (57%)	1 (5%)	0 (0%)	
6. Communication between Town leaders and my department is good.	19 (90%)		2 (10%)		0 (0%)
	4 (19%)	15 (71%)	2 (10%)	0 (0%)	
7. Communication from department managers to staff is good.	19 (90%)		1 (5%)		1 (5%)
	5 (24%)	14 (67%)	1 (5%)	0 (0%)	
8. Communication from my supervisor is good.	18 (86%)		3 (14%)		0 (0%)
	7 (33%)	11 (52%)	3 (14%)	0 (0%)	
9. Department policies and procedures are clear.	18 (86%)		3 (14%)		0 (0%)
	5 (24%)	13 (62%)	3 (14%)	0 (0%)	
10. Department mission and goals are clear.	19 (90%)		2 (10%)		0 (0%)
	6 (29%)	13 (62%)	2 (10%)	0 (0%)	
11. Employees are empowered to make decisions.	17 (81%)		4 (19%)		0 (0%)
	6 (29%)	11 (52%)	4 (19%)	0 (0%)	
12. My work is valued by my supervisor.	21 (100%)		0 (0%)		0 (0%)
	13 (62%)	8 (38%)	0 (0%)	0 (0%)	
13. The relationship I have with my supervisor is good.	20 (95%)		0 (0%)		1 (5%)
	11 (52%)	9 (43%)	0 (0%)	0 (0%)	
14. My work is valued by Town leaders.	15 (71%)		4 (19%)		2 (10%)
	5 (24%)	10 (48%)	4 (19%)	0 (0%)	
Answered Question					21
Skipped Question					1

Table 11 shows the responses to questions related to recruitment, retention, and promotional opportunities. The majority of responses indicate a high level of satisfaction within this area.

Table 11. Survey Responses to Questions about Recruitment, Retention, and Promotional Opportunities

Survey Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
1. Our department does a good job recruiting staff.	17 (81%)		1 (5%)		3 (14%)
	7 (33%)	10 (48%)	0 (0%)	1 (5%)	
2. Our department does a good job retaining staff.	16 (76%)		2 (10%)		3 (14%)
	6 (29%)	10 (48%)	2 (10%)	0 (0%)	
3. Our department recognizes employees appropriately.	17 (81%)		3 (14%)		1 (5%)
	8 (38%)	9 (43%)	3 (14%)	0 (0%)	
4. Employee morale in my department is good.	17 (81%)		3 (14%)		1 (5%)
	9 (43%)	8 (38%)	3 (14%)	0 (0%)	
5. Quality performance is recognized and rewarded.	16 (76%)		3 (14%)		2 (10%)
	8 (38%)	8 (38%)	3 (14%)	0 (0%)	
6. My performance is evaluated regularly.	15 (71%)		2 (10%)		4 (19%)
	8 (38%)	7 (33%)	2 (10%)	0 (0%)	
7. My performance evaluations provide constructive feedback for my professional development.	14 (67%)		1 (5%)		6 (29%)
	8 (38%)	6 (29%)	1 (5%)	0 (0%)	
8. Performance evaluations are conducted in a consistent manner across the entire department.	14 (67%)		1 (5%)		6 (29%)
	8 (38%)	6 (29%)	1 (5%)	0 (0%)	
9. There are promotional opportunities for me in the department.	8 (38%)		5 (24%)		8 (38%)
	5 (24%)	3 (14%)	4 (19%)	1 (5%)	
10. Promotions are conducted in an objective manner.	11 (52%)		1 (5%)		9 (43%)
	3 (14%)	8 (38%)	1 (5%)	0 (0%)	
11. My work environment is satisfactory.	19 (90%)		2 (10%)		0 (0%)
	5 (24%)	14 (67%)	2 (10%)	0 (0%)	
12. My work pay is satisfactory.	11 (52%)		7 (33%)		3 (14%)
	3 (14%)	8 (38%)	6 (29%)	1 (5%)	
13. My work benefits package is satisfactory.	15 (71%)		3 (14%)		3 (14%)
	5 (24%)	10 (48%)	3 (14%)	0 (0%)	
Answered Question					21
Skipped Question					1

Table 12 shows the responses to questions related to training, systems and equipment. The majority of responses indicate a high level of satisfaction within this area.

Table 12. Survey Responses to Questions about Training, Systems, and Equipment

Survey Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
1. I receive the training I need to perform my job.	17 (85%)		0 (0%)		3 (15%)
	5 (25%)	12 (60%)	0 (0%)	0 (0%)	
2. Employees have the technical skills to do their job.	19 (100%)		0 (0%)		0 (0%)
	7 (37%)	12 (63%)	0 (0%)	0 (0%)	
3. Our safety procedures and practices are satisfactory.	19 (95%)		0 (0%)		1 (5%)
	7 (35%)	12 (60%)	0 (0%)	0 (0%)	
4. The condition of our equipment is adequate.	17 (85%)		2 (10%)		1 (5%)
	7 (35%)	10 (50%)	2 (10%)	0 (0%)	
5. The department has up-to-date technology.	14 (70%)		6 (30%)		0 (0%)
	6 (30%)	8 (40%)	3 (15%)	3 (15%)	
6. The department uses technology effectively.	16 (80%)		3 (15%)		1 (5%)
	5 (25%)	11 (55%)	1 (5%)	2 (10%)	
Answered Question					20
Skipped Question					2

Table 13 shows the responses to questions related to customer service. The majority of responses indicate a high level of satisfaction within this area.

Table 13. Survey Responses to Questions about Customer Service

Survey Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
1. Response to complaints from the public is prompt.	20 (100%)		0 (0%)		0 (0%)
	10 (50%)	10 (50%)	0 (0%)	0 (0%)	
2. Response to complaints from internal customers is prompt.	17 (85%)		1 (5%)		2 (10%)
	9 (45%)	8 (40%)	1 (5%)	0 (0%)	
3. I receive good customer service from other Town departments.	20 (100%)		0 (0%)		0 (0%)
	7 (35%)	13 (65%)	0 (0%)	0 (0%)	
4. We provide good customer service.	20 (100%)		0 (0%)		0 (0%)
	13 (65%)	7 (35%)	0 (0%)	0 (0%)	
5. We have an established process to receive feedback from our customers.	14 (70%)		0 (0%)		6 (30%)
	5 (25%)	9 (45%)	0 (0%)	0 (0%)	
Answered Question					20
Skipped Question					2

Open-Ended Survey Results

In one word, what does the Town of Los Altos Hills do especially well?

- Service (4 mentions)
- Customer service (2)
- Communicate (2)
- Consistency
- Efficiency
- Public engagement
- Engage
- Listen
- Interact
- Organize
- Team
- Negotiation
- Respect
- Prompt

In one word, what does the Town of Los Altos Hills need to work on?

- Appreciate
- Recognition
- More staff
- Automation
- Knee-Jerk Reaction
- Coordination of work
- Leadership
- Communication
- Goals
- Service
- Balance
- Patience
- React
- Process
- Workload
- Hire
- Teaching
- Timeliness
- Keep long term-term employees
- Retain staff