



MEMORANDUM

Agenda Item: 10
 Meeting Date: June 25, 2013

TO: MAYOR AND CITY COUNCIL

FROM: ANTON DAHLERBRUCH, CITY MANAGER *AD*

SUBJECT: MATRIX REPORT – ANALYSIS OF SERVICE DELIVERY OPTIONS FOR BUILDING, PLANNING AND PUBLIC WORKS ADMINISTRATION

The Issue

Based on the findings and recommendations of the Matrix Report “Analysis of Service Delivery Options for Building, Planning and Public Works Administration,” how shall the City Council proceed?

Background

On February 26, 2013 in response to the City’s Request for Proposals, the City Council awarded a contract to the Matrix Consulting Group to conduct an analysis of service delivery options for Building and Safety, Planning and Public Works Administration Services. The scope of the analysis was to:

- Develop a Profile of Planning, Building and Public Works Administration;
- Develop Planning Assumptions for the Delivery of Planning, Building, and Public Works Administration Services by City staff;
- Develop Alternatives for Organizing and Operating Planning, Building, and Public Works Administration Services by City Staff
- Evaluate Opportunities to Enhance the Structure of the Contract; and
- Prepare a Draft and Final Report and Provide Plans for Implementing Recommendations.

The final report is transmitted to the City Council (Attachment A). Mr. Gary Goelitz of Matrix Consulting Group will attend the June 25, 2013 Council meeting to present the information and answer questions from the Council.

Analysis and Findings

The major findings, which are outlined in the Matrix Executive Summary along with staff’s comments/clarifications, are provided below:

❖ **Matrix reviewed three service delivery alternatives:**

- **All in-house service delivery** (page 8) – On a cost basis, the City could realize some potential savings (8.3% less or ~\$90,900 based on FY 11-12 costs). It would take the City almost four years to recoup transition costs. Advantages and disadvantages of this approach are outlined beginning on page 11.
- **All contract service delivery** – (page 10) This would include contracting the current City positions of Permit Technician (1.5 FTE) and Code Enforcement (0.5 FTE). The report states that the cost to contract these positions is not justified and the report recommends the continued use of City personnel for these services.
- **Current hybrid service - contract and City staff** (page 13) Based on an assessment that the City is using an effective hybrid approach (page 16); the report provides information for the City to consider altering the “mix” of in-house/contract employees. It specifically explores the advantages and disadvantages in hiring for each of the following positions: Public Works Director, Senior Planner, and Building Inspector. The report did not recommend that a specific current contract position be brought in-house, since such a decision cannot be made solely on cost. The advantages/disadvantages of the hybrid service delivery are listed beginning on page 16. In regard to the hybrid option, the Council may wish the consultant to additionally address the topics of oversight and control of contract staff supervising City employees. Staff notes, however, that the Scope of Work in any future contract can be written to clearly delineate the internal controls and separation of duties necessary to insure there is an appropriate balance of responsibilities.

The report addresses whether it is appropriate to hire additional positions, such as a Management Analyst or contract administrator (page 22), but did not find justification for such positions.

The report, as further outlined below, **recommends changes to the level of contract services by shifting responsibility for certain functions to existing City staff** (Permit Technician, Maintenance Foreman/Streets & Parks staff). Matrix indicates this could reduce the number of full time equivalent (FTE) contract positions (page 21).

The organizational structure of the City, per Municipal Code Section 2.08.050 B4, requires a recommendation by the City Manager to the City Council. The City Manager’s recommendation should be based on service impacts, costs, efficiencies and effectiveness.

Additionally, Matrix has provided the following recommendations to ensure more effective service delivery and a more effective contract:

- ❖ **Modify work methods and level of service delivery (Item 9, page 15), including:**
 - Seek separate proposals for construction design and inspection and reduce the contract hours for capital project management
 - Modify building permit plan check and inspection services as follows:
 - Permit Technicians (City employees) should be trained to issue public works permits and for plan checking minor building permits,
 - Maintenance Foreman and staff (City employees) should inspect encroachment/right-of-way permits,

- City Forester hours should be reduced to 16 hour/week and the maintenance foreman should be responsible for supervising landscape maintenance, fire clearance and tree trimming contracts, and
- The City should contract fleet mechanic services and eliminate the in-house (0.5 FTE) equipment mechanic position.

Staff Comment:

The recommendation to contract construction design and inspection separately from Building, Planning and Public Works does not change how the City obtains the service. In most cases, the City currently contracts separately for design and these contracts are not held by Charles Abbott Associates (CAA). The City should contract for inspection services, either on an as-needed (on-call) or specific project basis, rather than utilize on-site CAA staff (Public Works Inspector). Contract capital project management was reduced during FY 12-13 with the departure of the CAA Associate Civil Engineer (Floriza Rivera) who left during the current year. Since her departure, the City now obtains these services at approximately 16 hours/week using a Senior Engineer position (Jack Rydell).

The report recommends the Permit Technicians (1.5 City staff positions) should be trained to issue public works permits and plan check minor building permits, thus relieving the current contract building/public works inspector. The Matrix Report identifies that this will require additional training and certifications for the staff and that the transition will take at least a year. If the City pursues this recommendation, it would be recommended to address the additional work load generated by this shift and potentially relieve the Permit technicians for agenda preparation/distribution responsibilities (Planning Commission, Parklands, Traffic Safety). While these City positions have functioned as high level clerical, the report recommendation views them as more technically skilled, which may affect how the positions are compensated.

The report recommends that field inspection of public works encroachment/right-of-way permits should be performed by Streets & Parks personnel. This will require additional training of City staff and require a transition period. The recommendation may not fully consider the existing scope of the duties of these staff or time available to conduct such inspections. The additional skill/training may also affect how the positions are compensated.

The report recommends the Maintenance Foreman should manage all landscape maintenance contracts (median, fire clearance, tree trimming) and that the contracted City Forester be reduced to 16 hours/week. While the Maintenance Foreman is currently involved in the management of these contracts with assistance and expertise provided by the Forester, it would be recommended to evaluate impacts to Maintenance Foreman workload of total management responsibility and whether the current access by residents and staff to the Forester's expertise would allow for acceptable service at the reduced hours.

The report notes the part-time equipment mechanic position is "vacant". This City employee is currently on injury/medical leave, which involves a worker's compensation claim. The position is vacant because the person is currently unable to perform required duties. The City previously contracted for mechanic services and following the direction received in response to the Matrix Report, can re-evaluate this option as directed.

❖ **Revise content of contract for Building and Safety; Planning and Public Works Administration Services (Item 11, page 22)**

- Provide clear definition of scope so extent of services and respective obligations are clearly understood,
- Roles and responsibilities of contract staff should be clearly defined,
- Include performance metrics and performance reporting responsibility,
- Compensation for fee-services should be based on a % of fees collected and cost of fee services should be recovered from City fee structure, and
- Compensation for non-fee services should be based on hourly rates and number of contracted hours, with a not to exceed amount.

Staff Comment:

The report includes several points for inclusion in a future Request for Proposal and how to structure a subsequent contract for building, planning and public works services as noted above and the item highlighted below. Staff additionally recommends issuing a Request for Proposal.

The report (page 114 item #47 and page 118 item #73) mentions development fees generated and cost recovery for Planning and Building services, respectively. In the past, the City has viewed these services in the aggregate and recognized that building fees were to a degree supporting costs for Planning services. To view these as discrete cost/service centers would likely result in substantial changes to the entire fee structure. The consultant has recommended that this issue be fully explored with the Council and that policies on cost recovery be documented. Matrix has recommended a City of San Luis Obispo fee report as an example of how to develop such a policy.

In addition to the recommendations above, the report includes “Best Practices Assessment” (page 103) which outlines the strengths/opportunities for improvement of current City practices with respect to the following services:

- Urban Forestry
- Park Maintenance
- Street Maintenance
- Water and Wastewater Collection Maintenance
- Permit Center
- Information Technology
- Land Use Planning
- Building and Safety
- Engineering

There are several comments regarding status and use of information technology. The Matrix Report indicates it is common for smaller cities to not be as advanced as those with in-house IT Departments. The City could require desired technology be provided by the building, planning, public works contractor under any newly awarded services agreement. The City may also be better positioned to address these issues as part of the IT support agreement awarded to Prosum Technology Services earlier this month.

Other Staff Comments/Clarifications on report content:

Page 31 – Table 5 – Actual Expenditures - Total cost for building, planning, public works services FY 11-12, including City and contract staff, all supplies and allocations (equipment and insurance) totaled \$1,133,161. This is compared to total development fee revenue generated \$1,208,477 with the statement revenues exceeded expenditures. The direct department expenditures for Building/Planning fee services noted on this page do not include in-direct costs (administrative overhead, “rental” cost for occupancy of City Hall office space), which are eligible for cost recovery. The public works costs are not development related and are not part of the costs recovered through development fees.

Page 37 – Table 7 – Hourly Rates Charged by CAA - No increase for four years: FY 2008-09 through FY 2011-12. Rates were increased 2.5% in FY 2012-13 consistent with the contract that allows same percentage increase as afforded general City employees.

Page 40 – Table 10 - Building Inspections and Hours Charged – The hours charged by the building inspectors (1.66 FTE positions) are for all hours worked, including public counter (Monday-Friday 8 – 10AM) and all other building related services (e.g. plan check) and should not be interpreted as a direct correlation of hours spent to perform the average number of inspections per day.

Finally, the Matrix Report compares the quality and value of the existing contract with CAA and the City’s current model to the alternatives of in-house or hybrid contract/in-house services. While specifically positive on the cost, qualifications and expertise of CAA by suggesting the firm and its staff provides a unique resource, the Matrix Report concurrently recommends restructuring the allocation of contract hours/positions and issuing a new Request for Proposals for services the City desires to receive by contract (page 8). As such, it should be recognized that there is no guarantee, and there should be no assumption, that a future contractor will mirror the cost, qualifications and expertise currently provided to the City by CAA. As such, some of the quality and value comparisons in the Matrix Report may not materialize as a result of a new agreement.

Conclusion

The Matrix Report was finalized and concurrently made public for all interested parties on Friday, June 21. On request, it was provided to representatives of the Malaga Cove Homeowners Association. It was also provided to the Chief Operating Officer of Charles Abbott Associates, Rusty Reed. In the interest of disseminating the report as soon as it was available, City management has not reviewed the study collectively with City staff.

Recommendation

It is recommended that the City Council review the report and provide additional direction to staff, as appropriate.

Attachment A: Matrix Report-June 2013

Attachment B: Matrix Consultant Agreement Scope of Services

**Analysis of Service Delivery Options for Building and
Safety, Planning and Public Works Administration**

**CITY OF PALOS VERDES ESTATES,
CALIFORNIA**



June 2013

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1. INTRODUCTION AND EXECUTIVE SUMMARY

This chapter provides an introduction and an executive summary of the analysis of service delivery options for Building and Safety, Planning, and Public Works Administration. This chapter identifies the information and approach used in this study, and delineates key findings, conclusions and recommendations.

1. INTRODUCTION

The Matrix Consulting Group was retained by the City of Palos Verdes Estates to conduct an analysis of service delivery options for Building and Safety, Planning, and Public Works Administration. The scope of the analysis, as defined by the proposal, included the following:

- **Develop a baseline comparison** - A comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services;
- **Job duties and salary ranges** - In developing the in-house configuration of personnel, develop suggested titles of the positions, an outline of job duties and responsibilities, and suggested salary ranges;
- **Recommendations**. Make recommendations, along with the rationale, for the ideal configuration of services that ranges from retaining a contract for all services, converting to 100% in-house personnel, or a hybrid arrangement involving some combination of the two; and
- **Content of the contract**. Provide recommendation on how best to structure the contract for Building and Safety, Planning, and Public Works Administration if a recommendation is made for retention of some or all of the contract services.

This report provides the results of this analysis.

2. BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION EMPLOY A NUMBER OF BEST PRACTICES IN THE DELIVERY OF SERVICES.

The analysis of service delivery options included, but was not limited to, an analysis of existing service delivery in comparison to best management practices. This analysis, by its nature, focused on opportunities for improvement. However, there are a number of strengths in the existing practices used by Building and Safety, Planning, and Public Works Administration. Selected examples of the current strengths are listed below.

- The City has long been at the leading edge in public sector outsourcing of the maintenance and repair of infrastructure. This includes park and landscape maintenance, street maintenance (pothole patching, slurry seal, overlay), street tree and park tree maintenance, stormwater collection system maintenance, etc.
- The thinning and raising cycle for street and park trees approximates 5 years. There are an estimated 10,000 street and park trees in the urban forest. An estimated 2,000 are trimmed by contract on an annual basis. That would approximate a 5-year cycle.
- A quantitative evaluation of the City's street system indicated that City's street system rated an 85 out of a possible 100. This is at the upper end of "very good" condition scale that was identified in the evaluation.
- The City is using an effective mix of preventive maintenance to preserve its investment in its street system. The City is using a mix of asphalt overlays and latex-modified (rubber) Type II slurry seal.
- An inventory exists for the City's stormwater and wastewater collection systems. The inventory information was updated as part of the City's master plans that were developed for the stormwater and wastewater collection systems.
- In 2005 and 2006, the City conducted a video inspection of its wastewater collection system to check its structural integrity.
- A master plan was developed for the City's stormwater and wastewater collection systems and a utility user tax (stormwater) and sewer user fee utilized to fund opportunities to improve the collection systems.

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Analysis of Service Delivery Options for
Building and Safety, Planning, and Public Works Administration

- The City cleans all City-owned storm drain catch basins not less than twice per year and also on a complaint basis.
- The City inspects approximately 70 businesses annually for compliance with the City's Stormwater Pollution Prevention Ordinance.
- A one-stop shop or permit center exists at City Hall for submittal of planning, building, and engineering permit applications.
- The processing time for planning permits (e.g., Neighborhood Compatibility Permits) required a median of 49 calendar days based upon a sample provided to the Matrix Consulting Group.
- The Planning Division has adopted and published a planning permit processing schedule that identifies that, if a planning permit application is submitted by a pre-scheduled and specific date, it will be scheduled for an initial hearing by a specific date. This provides predictability for the applicant. The planning permit processing schedule is rarely found in the public sector since it imposes a high level of accountability on the public sector.
- The City's zoning ordinance is up-to-date, having been updated recently.
- The Building and Safety Division utilizes the latest edition of the commercial and residential building codes.
- The City's Senior Building Inspector (a contract employee) holds appropriate and extensive professional certifications.
- Single trade permits are issued over the counter by the City's Permit Technicians (City employees).
- Single-family additions / remodels – required a median of 10 calendar days to complete a building permit plan check based upon a sample provided to the Matrix Consulting Group.
- The engineer assigned responsibility for managing the City's capital projects (a contract employee) is registered as a P.E., T.E., and as a P.T.O.E.
- The City's death and injury collision rate (vehicle, motorcycle, and bicyclist) per 1,000 capita is lower than most other comparable cities (e.g., San Marino, Malibu, South Pasadena, Mill Valley, San Anselmo, La Canada Flintridge, Hermosa Beach, and Solana Beach).
- The City's Maintenance Foreman has utilized a cost-effective method for maintenance of the City's fleet involving the use of a vehicle maintenance

contractor located in Palos Verdes Estates (versus the use of a City Mechanic position that has been vacant).

These strengths provide a sound foundation for the opportunities for improvement in the services delivered by Building and Safety, Planning, and Public Works Administration.

4. CHARLES ABBOTT ASSOCIATES IS AN INDEPENDENT CONTRACTOR.

The City posed a question regarding whether Charles Abbott Associates is an independent contractor.

The Internal Revenue Service has developed specific criteria regarding what constitutes an independent contractor. These are based upon twenty (20) common law factors developed by the Internal Revenue Service (see Exhibit 6). They help employers, such as Palos Verdes Estates, correctly classify workers as employees or independent contractors. To determine whether an individual is an employee or an independent contractor under the common law, the relationship of the worker and the City must be examined. Facts that provide evidence of the degree of control and independence fall into three categories: directing and control of the workers, financial control, and the type of relationship of the parties.

In considering these twenty (20) factors, it is important to recognize that some factors may indicate that a worker is an employee, while other factors indicate that the worker is an independent contractor. There is no “magic” or set number of factors that “makes” the worker an employee or an independent contractor, and no one factor stands alone making this determination. The key is to look at the entire relationship.

The Matrix Consulting Group, in looking at the entire relationship, concludes that Charles Abbott Associates is an independent contractor.

4. A NUMBER OF PLANNING ASSUMPTIONS WERE DEVELOPED TO EVALUATE THE THREE ALTERNATIVE SERVICE DELIVERY ALTERNATIVES.

In evaluating alternative service delivery options, the Matrix Consulting Group developed planning assumptions regarding service delivery options. These planning assumptions include start-up costs associated with an option other than the current mode of service delivery, the fully-loaded compensation costs (salary and fringe benefits) associated with an insourced or in-house service delivery option, the costs of services and supplies associated with an insourced or in-house service delivery option, various hybrid service alternatives, etc. These planning assumptions were developed before the identification of alternatives and the analysis of the alternative service delivery options.

The key planning assumptions are presented below.

- **The evaluation of the insourcing or in-house service delivery should include salary and fringe benefit costs.** If the City selected an alternative of insourcing or in-house service delivery for Building and Safety, Planning and Public Works Administration, the City would incur salary and fringe benefit costs for the employees necessary for the delivery of these services.
- **An employee of the City has “net available work hours” of approximately 1,838 annually out of a possible 2,080 work hours.** If the City selected an alternative of insourcing or in-house service delivery for Building and Safety, Planning and Public Works Administration, the City would need to consider the impact of leave (sick, vacation, holiday, and compensatory time) and ongoing employee training on service delivery.
- **The City would need to retain contract employees as backup for two of the City employees while on leave or at training: the Senior Building Inspector and the Senior Planner.** The City cannot cease the delivery of building inspection, building permit plan checking, and land use planning services when these employees are on leave or at training. Under the current contract method for service delivery, this is the responsibility of Charles Abbott Associates. Section 9 of the contract with Charles Abbot Associates requires the firm to *“make every reasonable effort to maintain the stability and continuity of staff*

assignments....” And, in fact, Charles Abbott Associates has effectively fulfilled those responsibilities.

An example of the use of contractors, even with the existence of in-house employees, is Rancho Palos Verdes. The City has its own Building Inspectors, yet budgets \$25,000 for “building and safety inspection services as needed.” This is not unusual for those services in which redundancy is required.

- **The City would need to continue to employ contract employees with the insourced or in-house service delivery option due to the part-time nature of some of the work performed.** An example would be the structural building permit plan checking performed by a contract Senior Engineer. This contract employee only charged 437 hours to the City in fiscal year 2011-12. As another example, the Environmental Engineer, retained to address NPDES regulatory requirements on behalf of the City, only charged 62 hours to the City for the time period from September 2012 to January 2013. In these two examples, insufficient workload exists to warrant full-time City employees on a year-round basis.
- **The City would incur additional services and supplies costs with an in-house service delivery option for Building and Safety, Planning and Public Works Administration.** Charles Abbott Associates pays for a number of services and supplies costs on its own without reimbursement by the City (except as part of its hourly rate). This includes such services and supplies as mileage reimbursement, meetings and conferences, training, membership and dues, publications, etc.

With an insourced or in-house service delivery option, the City would incur these costs, costs for cell phones and other technology needed for the additional City employees, vehicle maintenance costs and replacement charges for City-provided vehicles for the Public Works / Building Inspector, Chief Building Official, and the City Forester, etc. The annual service and supply costs are estimated at \$3,200 per employee. In addition, the City would require an automated permit information system to track building, planning and engineering permits. At the present time, Charles Abbott Associates provides an automated permit information system as part of its contract. If the City used a “hosted” approach to acquire this system, it would incur an estimated \$30,000 annually in service and supply costs from a software vendor.

- **The City would incur one-time start-up costs for in-house service delivery for Building and Safety, Planning and Public Works Administration services.** Start-up costs are necessary one-time charges associated with staff and asset procurement that would be incurred by the City to transition to the insourced or in-house service delivery option. These costs are usually assessed in the first year. Assets include sedans for the two building inspectors, and personal computers for all of the employees. The estimated one-time asset cost

would approximate \$70,000. Transition costs would involve the retention of Charles Abbott Associates for a three-month period to train and orient the new City employees that would replace Charles Abbott Associates, at an estimated cost of \$275,000. The estimated transition cost would approximate \$345,000.

- **The City would need to pay competitive salaries and fringe benefits.** As a next step in the analysis of service delivery options, the Matrix Consulting Group conducted a salary survey of seven (7) other cities that Palos Verdes Estates utilizes for purposes of comparing compensation. This includes the cities of South Pasadena, San Marino, Hermosa Beach, Rancho Palos Verdes, Rolling Hills Estates, Malibu, and La Canada Flintridge. The average of the salary ranges for these cities was utilized to determine a competitive salary for positions. The fringe benefit rate of Palos Verdes Estates was utilized to develop the fringe benefit costs, and applied to the salaries from these other cities. Seven (7) classifications were utilized for salary survey: Public Works Director, Planning Director, Chief Building Official, Senior Civil Engineer, Associate Civil Engineer, Senior Planner, and Building Inspector.

These planning assumptions were important to evaluate the costs of each alternative.

The Matrix Consulting Group recognizes there are factors beyond costs that should be considered in evaluating service delivery alternatives. These factors are also presented for each of the three alternatives.

4. THREE ALTERNATIVES WERE DEVELOPED THAT COMPARED THE COSTS OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES.

The City's Request for Proposals required the consultant to develop a comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services. This was the first analytical step completed by the Matrix Consulting Group.

The City's Request for Proposals also required the consultant to make recommendations, along with the rationale, for the ideal configuration of services that ranges from retaining a contract for all services, converting to 100% in-house personnel, or a hybrid arrangement involving some combination of the two.

The Matrix Consulting Group analyzed the advantages and disadvantages of each of these three alternatives.

However, regardless of the alternative selected, the City should issue a Request for Proposals for the services that it wishes to continue to provide by contract.

5. THE BASELINE COMPARISON (IN-HOUSE SERVICE DELIVERY ALTERNATIVE) INDICATES THAT THE CITY COULD POTENTIALLY HAVE DELIVERED THE SAME SERVICES AS CHARLES ABBOTT ASSOCIATES FOR \$90,907 OR 8.3% LESS IN FISCAL YEAR 2011-12.

To develop the baseline comparison (a comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services), the Matrix Consulting Group developed a “pro forma” budget for the in-house service delivery option for Building and Safety, Planning, and Public Works Administration services. This represents the in-house service delivery alternative. Important points to note regarding the “pro forma” budget are presented below.

- **The in-house service delivery option would require the addition of six positions to the City: a Public Works Director, a Senior Planner, a Chief Building Official, an Associate Civil Engineer, a Building / Public Works Inspector, and a City Forester / Arborist.** The addition of these positions is based upon the hours charged by Charles Abbott Associates in fiscal year 2011-12. These six positions were full-time or nearly full-time as reflected in Table 6 in Chapter 2 of this report. The total cost of these positions, if these were City employees, amounts to an estimated \$832,500 annually at the top step of the range. The top of the salary range was utilized since data provided by Palos Verdes Estates indicates that employees of the City have a long tenure with the City.
- **The in-house service delivery option would continue to require contractors for workload that does not demand full-time employees on a year-round basis.** Examples include the Senior Engineer responsible for structural building permit plan checking, the Environmental Engineer responsible for NPDES, etc. A total of 80% of the “on call” hours charged to the City in fiscal year 2011-12 were for permit fee-related services, 17% for other services (e.g., NPDES), and 3% for

capital improvement projects. The total cost for these “on call” services would amount to an estimated \$85,700 on an annual basis.

- **The in-house service delivery option would require leave (e.g., vacation, sick, holiday) and training backup or redundancy for building inspection, building permit plan checking, and for land use planning staff employed by the City.** Building inspection, building permit plan check, and land use planning services are not something that can wait from a general contractor’s, residents, or businesses perspective until staff returns from vacation, sick leave, training, etc. These services would require contractual backup or redundancy, amounting to a total of 484 hours annually at an estimated annual cost of \$43,100. The need for this type of backup is evident: the City would employ only one Senior Planner, and the building inspection and plan check workload could not be handled by only one position.
- **The in-house service delivery option would incur service and supply costs of approximately \$19,600 annually.** These ongoing annual operating costs pertain to telephone, vehicle maintenance and replacement changes, printing and binding costs, training, membership and dues, etc.
- **The in-house service delivery option would incur information technology costs of \$30,000 annually for a “hosted” automated permit information system.** At the present time, the City uses a system provided by Charles Abbott Associates. The City would need to acquire its own automated permit information system. The estimated annual cost of the “hosted” automated permit information system is estimated at \$30,000.
- **The City would incur startup costs for the transition from outsourced to insourced service delivery.** Start-up costs are necessary one-time charges associated with staff and asset procurement that would be incurred by the City to transition to the insourced or in-house service delivery option. These costs are usually assessed in the first year. Assets include new vehicles for the Public Works / Building Inspector, Chief Building Official, and the City Forester, and personal computers and cell phones for all of the new City employees. The estimated one-time asset cost would approximate \$70,000. Transition costs would involve the retention of Charles Abbott Associates for a three-month period to train and orient the new City employees, at an estimated cost of \$275,000. The total estimated transition cost would approximate \$345,000.

Altogether, the ongoing annual cost of the in-house service delivery option would amount to an estimated \$1,010,900 annually. This compares to the total billed to the City by Charles Abbott Associates in fiscal year 2011-12 of \$1,101,807. The in-house

service delivery option is \$90,907 less than the Charles Abbott Associates costs in fiscal year 2011-12 or 8.3% less. However, given the transition costs, the City would need almost four (4) years to recoup the costs of the transition from outsourced to insourced service delivery. In addition, the City's costs are likely to increase over the next several years in comparison to contractors as a result of further CalPERS cost increases.

There are a number of advantages and disadvantages with this option – the baseline comparison / in-house service delivery alternative. These pros and cons are presented in the exhibit following this page.

7. THE TOTAL CONTRACT SERVICE DELIVERY ALTERNATIVE WOULD INCREASE THE ANNUAL COSTS INCURRED BY THE CITY OF PALOS VERDE ESTATES.

The City already contracts for Building and Safety, Planning, and Public Works Administration services. All that remains that could be outsourced would be the Permit Technicians and the Code Enforcement Officer.

Outsourcing these positions would increase the City's annual costs by approximately 30%. The Matrix Consulting Group does not recommend that additional positions be outsourced. The City should continue to employ the Permit Technicians and the Code Enforcement Officer as City employees.

The City should not pursue an all contract service delivery alternative for Building and Safety, Planning, and Public Works Administration services.

Exhibit 1 (1)

Pros and Cons of the Baseline Comparison (In-House Service Delivery Option)

Advantages	Disadvantages
<ul style="list-style-type: none"> • The cost to the City would have been \$90,907 less than the Charles Abbott Associates costs in fiscal year 2011-12 or 8.3% less. • The City would have greater depth in terms of its managerial talent with an in-house Public Works Director. • Effective contract management can require continued diligence; insourcing these services would reduce the extent of diligence required for the contract (although that would be offset by the diligence required for insourced services). • The City would insource core competencies – land use planning, building inspection, and building permit plan checking. • Outsourcing is not a panacea for all cost and performance problems. In many cases, it can be an inappropriate option for certain city services and carries with it a great deal of risk, which, unmitigated, can produce catastrophic results. There are several instances in which the risk of contractor failure will outweigh the potential benefits from outsourcing. • City employees could potentially have a greater knowledge of the City itself and local issues. 	<ul style="list-style-type: none"> • The City is effectively using a hybrid approach for service delivery of Building and Safety, Planning, and Public Works Administration services to reduce the costs associated with contracting with Charles Abbott Associates. • The City, in the opinion of the Matrix Consulting Group, may be hard pressed to attract the necessary talent for positions that are presently outsourced given its small size (population and employees) and the limited scope of its operations. • Many other cities of comparable population and income employ more positions than does Palos Verdes Estates for the delivery of Building and Safety, Planning, and Public Works Administration services. For example, the Matrix Consulting Group documented the number of professional planners in cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000. <u>Not one of these cities employed only one (1) professional planner position</u>, as does Palos Verdes Estates. On average, these cities employed 3.8 professional planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. Palos Verdes Estates already has a lean organizational and staffing structure for the delivery of Building and Safety, Planning, and Public Works Administration services. • The termination of City employees is much more difficult than contract employees. • Over the next five years, the cost differences between the City and Charles Abbott Associates will be reduced as the City's costs for CalPERS continue to increase. • Many of the contract employees provided by Charles Abbott Associates, if employed by the City, would represent a single point of failure. The City would not have any redundancy e.g., Senior Planner.

Exhibit 1 (2)

Advantages	Disadvantages
	<ul style="list-style-type: none">• The levels of service delivered by Charles Abbott Associates are, on the whole, good in comparison to other cities. Insourcing these services may present new challenges to the City in terms of maintaining these good levels of service.• It is not possible for the City to insource all of the services delivered by Charles Abbott Associates; in many instances, there is insufficient workload e.g., structural plan checking.• Cities should never outsource functions where there is not sufficient private sector expertise and experience. That is not the case with land use planning, building permit plan checking, and building inspection: there is sufficient private sector expertise.• The knowledge-base for land use planning, building permit plan checking, and building inspection will be far greater with a contractor such as Charles Abbott Associates than the City of Palos Verdes Estates with only one Senior Planner, one Building Inspector, etc.

8. THE CITY IS ALREADY UTILIZING A HYBRID ALTERNATIVE FOR SERVICE DELIVERY, BUT COULD CONSIDER ALTERNATIVES IN THE MIX OF CONTRACT AND CITY EMPLOYEES.

The City already employs the hybrid service delivery alternative for Building and Safety, Planning, and Public Works Administration services. There are seven and one-half (7.5) City employees utilized in the delivery of these services. The City is purchasing the equivalent of six (6) full-time equivalent positions from Charles Abbott Associates (based on charged hours in fiscal year 2011-12).

The City could, however, consider altering the mix of in-house and contract employees. These alternatives are presented below.

- **The City could hire its own Public Works Director.** This is not uncommon. Other cities similarly employ Public Works Directors including Hermosa Beach, Malibu, Rancho Palos Verdes, La Canada Flintridge, and South Pasadena, but not San Marino or Rolling Hills Estates. The City could employ a Public Works Director as do these other cities. This would not be a cost saving alternative, however. The cost to the City, in fiscal year 2011-12, for the Project Supervisor / Public Works Director for Charles Abbott Associates was \$203,293, for a total of 1,575 hours. The cost of a Public Works Director to the City, in terms of salary and fringe benefits, would be approximately \$197,000 at top step. However, the Project Supervisor / Public Works Director for Charles Abbott Associates also possesses certification from the *American Planning Association* (this is an unusual qualification for a Public Works Director); this enables him to provide leave coverage for the Senior Planner, at no additional expense. If the City were to provide leave coverage for the Senior Planner, since its own Public Works Director would not likely have this qualification, the City would incur costs of approximately \$20,328 annually. There are other factors to consider in the decision regarding whether to convert this contract position to a City employee besides cost. These include enhancing the managerial depth of the City's workforce, adding a core competency to the City's workforce, etc. The City has questioned whether it is typical to use a contract departmental director for Public Works. This clearly is not the norm in other comparable cities (Hermosa Beach, Malibu, Rancho Palos Verdes, La Canada Flintridge, and South Pasadena). However, here are challenges the City would face in attracting a Public Works Director to the City's workforce. In the opinion of the Matrix Consulting Group, the City may be hard pressed to attract the the necessary talent for a Public Works Director given its small size (population and employees) and the limited scope of its operations.

- **The City could hire its own Senior Planner.** This is not uncommon. Other comparable cities employ their own land use planning staff including South Pasadena, San Marino, La Canada Flintridge, Hermosa Beach, Rancho Palos Verdes, Malibu, and Rolling Hills Estates. The City could employ a Senior Planner as do these other cities. The cost to the City, in fiscal year 2011-12, for the Senior Planner for Charles Abbott Associates was \$174,293, for a total of 1,778 hours. The cost of a Senior Planner to the City, in terms of salary and fringe benefits, would be approximately \$132,000 at top step. However, it is important to note that the City only employs one (1) land use planning position at the present time (a contract employee of Charles Abbott Associates). Other cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000 employ a greater number of land use planners. These cities employed, on average, 3.8 professional land use planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. If the City of Palos Verdes Estates chose to employ its own land use planner, the City would need to provide some redundancy for leave coverage and training. That cost would approximate \$20,328 annually. Cost savings could be generated by insourcing this position, but these savings are not significant. There are other factors to consider in the decision regarding whether to convert this contract position to a City employee besides cost. These include adding a core competency (land use planning) to the City's workforce, the potential of increased control over the time, resources and results, etc.
- **The City could hire its own Building Inspector.** This is not uncommon. Other cities employ their own building inspectors including San Marino, Hermosa Beach, Rancho Palos Verdes, and Malibu. However, not all of the comparable cities delivered building inspection services with in-house staff. South Pasadena, Rolling Hills Estates, and La Canada Flintridge deliver these services by contract, the same as Palos Verdes Estates. The City could employ a Building Inspector as do these other cities. The cost to the City, in fiscal year 2011-12, for the Senior Building Inspector for Charles Abbott Associates was \$178,600, for a total of 1,900 hours. The cost of a Building Inspector to the City, in terms of salary and fringe benefits, would be approximately \$99,500 at top step. There is a clear cost advantage in insourcing this position. However, the present inspection workload of the City requires more than one (1) building inspector, but less than two (2) building inspectors. Flexible staffing based upon workload is possible with contract employees, but not as possible with in-house staffing. In addition, those cities with insourced building inspection services typically employ more than just a building inspector. Hermosa Beach, Rancho Palos Verdes, and Malibu also employ a Chief Building Official given the complexities of the building codes and code interpretations.

The Matrix Consulting Group would not recommend insourcing other positions (e.g., City Forester) as the workload for these positions is insufficient to warrant full-time positions.

The decision to change the mix of in-house and contracted positions for Building and Safety, Planning, and Public Works Administration services is one that cannot rest on cost alone; however, there are not clear and distinct cost advantages with insourcing. Other factors must be considered as well, advantages and disadvantages, as noted in the exhibit following this page. Many, not all, of these advantages and disadvantages are the same as noted in the previous exhibit.

9. IF THE CITY CONTINUES WITH CONTRACT SERVICE DELIVERY, IT SHOULD ENHANCE THE USE OF EXISTING CITY EMPLOYEES IN THE DELIVERY OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES, IN SOME INSTANCES.

If the City continues with contract service delivery, the Matrix Consulting Group does recommends that the City modify the contractual and in-house work methods and levels of service for Building and Safety, Planning, and Public Works Administration, in some instances. The recommended changes in work methods and levels of service are presented below.

- **The City should seek requests for proposals for the design and construction inspection of capital projects, and continue to reduce the number of contract hours allocated for project management of capital projects.** The City has had to manage a number of significant capital improvement projects over the past ten years, relating to the City's wastewater and stormwater collection systems. Charles Abbott Associates has managed these projects by providing a full-time project manager: an Associate Civil Engineer. In fiscal year 2011-12, the Associate Civil Engineer charged 1,748 hours to Palos Verdes Estates, or an average of 33.62 hours per week. However, the master plans for the wastewater and stormwater collection systems have largely been completed as it pertains to capital improvement projects.

Exhibit 2 (1)

Pros and Cons of the Hybrid Service Delivery Alternative

Advantages	Disadvantages
<ul style="list-style-type: none"> • The costs to the City may be greater than the present costs incurred for contracting depending on the alternatives selected. • The City could have greater depth in terms of its managerial talent with an in-house Public Works Director. • Effective contract management can require continued diligence; insourcing these services would reduce the extent of diligence required for the contract (although that would be offset by the diligence required for insourced services). • The City could insource core competencies – land use planning, building inspection, and building permit plan checking – depending on the alternatives selected. • The use of a hybrid service delivery option allows the City to ‘pick and choose’ what services it wants to deliver with in-house employees versus contract. • Outsourcing is not a panacea for all cost and performance problems. In many cases, it can be an inappropriate option for certain city services and carries with it a great deal of risk, which, unmitigated, can produce catastrophic results. There are several instances in which the risk of contractor failure will outweigh the potential benefits from outsourcing. • Many cities find that the hybrid service delivery model offers the best combination of cost optimization and service responsiveness. • Enables the City to obtain the expertise and specialized knowledge from a contractor that it may not be able to obtain itself through in-house employees. • City employees could potentially have a greater knowledge of the City itself and local issues. 	<ul style="list-style-type: none"> • The City is already effectively using a hybrid approach for service delivery of Building and Safety, Planning, and Public Works Administration services to reduce the costs associated with contracting with Charles Abbott Associates. • The City, in the opinion of the Matrix Consulting Group, may be hard pressed to attract the necessary talent for positions that are presently outsourced given its small size (population and employees) and the limited scope of its operations. • Many other cities of comparable population and income employ more positions than does Palos Verdes Estates for the delivery of Building and Safety, Planning, and Public Works Administration services. For example, the Matrix Consulting Group documented the number of professional planners in cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000. <u>Not one of these cities employed only one (1) professional planner position</u>, as does Palos Verdes Estates. On average, these cities employed 3.8 professional planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. Palos Verdes Estates already has a lean organizational and staffing structure for the delivery of Building and Safety, Planning, and Public Works Administration services. • The termination of City employees is much more difficult than contract employees. • Over the next five years, the cost differences between the City and Charles Abbott Associates will be reduced as the City’s costs for CalPERS continue to increase. • Many of the contract employees provided by Charles Abbott Associates, if employed by the City, would represent a single point of failure. The City would not have any redundancy e.g., Senior Planner.

Exhibit 2 (2)

Pros	Cons
	<ul style="list-style-type: none">• The levels of service delivered by Charles Abbott Associates are, on the whole, good in comparison to other cities. Insourcing these services may present new challenges to the City in terms of maintaining these good levels of service.• It is not possible for the City to insource all of the services delivered by Charles Abbott Associates; in many instances, there is insufficient workload e.g., structural plan checking.• Cities should never outsource functions where there is not sufficient private sector expertise and experience. That is not the case with land use planning, building permit plan checking, and building inspection: there is sufficient private sector expertise.• There can be risks associated by eliminating the use of one contractor responsible for the delivery of land use planning, building permit plan checking, and building inspection. It could confuse who is accountable for what. There is no such confusion at the present. The current approach is a total integrated solution.• The knowledge-base for land use planning, building permit plan checking, and building inspection will be far greater with a contractor such as Charles Abbott Associates than the City of Palos Verdes Estates with only one Senior Planner, one Building Inspector, etc.

In fact, the City has already substantially decreased the extent of capital improvement project management hours provided by Charles Abbott Associates in fiscal year 2012-13, recognizing the decrease in this workload. Charles Abbott Associates assigned a Senior Engineer for the project management of capital improvement projects for the City's capital improvement program and delivery of the City's traffic engineering services. The contract Senior Engineer currently works 16 hours a week to fulfill both of these assignments.

The Matrix Consulting Group does not believe that a full-time Associate Civil Engineer is warranted for the project management of capital improvement projects for the City's capital improvement program, at the present time. An estimated 8 hours per week should be sufficient for project management of the City's minor capital improvement projects over the period of a year, or 416 hours annually. This change should be integrated into the City's contract for delivery of Building and Safety, Planning, and Public Works Administration services.

In addition, the City should separately seek proposals for the design and construction inspection of capital projects, separate from the contract for Building and Safety, Planning, and Public Works Administration services.

- **The City of Palos Verdes Estates should modify its approach to permit plan checking and inspection service delivery.** The contract with Charles Abbott Associates results in the provision of two (2) nearly full-time positions for permit plan checking, building inspection, public works inspection, and serving permit applicants at the City Hall. The Senior Building Inspector allocates 100% of his time to building permit plan checking, building inspection, and serving permit applicants at the City's permit center at City Hall. The Public Works Construction / Building Inspector allocated 34% of his work hours in fiscal year 2011-12 to public works construction / permitting and 66% to building inspection. The City should take a number of steps to enhance the cost effective use of its existing City employees to reduce the costs associated with these two contract positions. The steps are presented below.
 - The responsibility for field inspection of traffic control for encroachment / right-of-way permits should be assigned to the City's Maintenance Foreman and four (4) Maintenance Workers.
 - The City should expand the responsibilities of its Permit Technicians (who are City employees). The Permit Technicians should be assigned responsibility for issuance of public works permits (e.g., encroachment permits); the provision of utility information to and conduct of research for residents, contractors, and utility companies; the issuance of wide load and heavy load permits; the provision of public works information and

answers to public works questions to permit applicants at the permit counter.

- The City should transition the responsibility for plan checking of minor building permit plans to the City's Permit Technicians. The role of the Senior Building Inspector will unavoidably involve some amount of time spent in the office, either serving permit applicants at the permit counter or plan checking. The City's Permit Technicians can mitigate the need for some of the office hours by the Senior Building Inspector to an extent. Over an eighteen-week period from January 4 to May 13, 2013, the Senior Building Inspector plan checked thirty (30) building permit plans or approximately 1.7 plans per week. Approximately six (6) of these plans (or 20%) could have been plan checked by the City's Permit Technicians. This will require training and certification as Permit Technicians from the *International Code Council* and guidance by Charles Abbott Associates. Over time, the Permit Technicians should play a stronger role at the permit counter than present as paraprofessionals. That is an appropriate role for a Permit Technician.

With these modifications, the City should seek to modify the contract for Building and Safety, Planning, and Public Works Administration service delivery so that, after the reallocation of roles and responsibilities to the Permit Technicians, the amount of contract building inspectors is reduced from two (2) positions to approximately one and one-half (1.5) positions. In addition, the inspection workload in winter months should enable the reduction of building inspection staff to one (1) position, generally the winter months such as December, January, and February. The estimated annual cost savings would amount to approximately \$41,000. It will take approximately one-year and training / certification of the Permit Technicians to complete this transition, but the City should seek to maximize its investment in its existing City employees.

- **The City should reduce the number of weekly work hours for the City Forester to 16 hours per week.** The City Forester, a contract employee, is responsible for supervising the City's urban forestry program including the trimming, thinning, and inspection of trees; supervising the tree trimming, landscape maintenance, and fire safety / weed abatement contracts; acting as liaison to the Parklands Committee; inspecting and approving / denying tree removal requests; providing public information and guidance on any tree or landscape issues; designing City landscapes, and entrances; supervising parkland and trails, including maintenance and upkeep; etc. The City Forester is the equivalent of a 0.70 employee in terms of hours charged to the City in 2011-12. The City Forester charged 1,453 hours in fiscal year 2011-12. This is the equivalent of 121 hours per month or 30.3 hours per week. Many of the responsibilities of the City Forester have nothing to do with the management of the City's urban forest. These include supervising the landscape maintenance,

fire safety and weed abatement contracts, and the maintenance of the City's parkland and trails. These responsibilities should be assigned to the City's Maintenance Foreman. The designing of the City landscapes and entrances, as required, should be accomplished by a contract with a Registered Landscape Architect resulting from the issuance of request for proposals. The Matrix Consulting Group recommends that the number of work hours for the City Forester be reduced to 16 hours per week. The estimated annual cost savings would amount to approximately \$62,000.

- **The City's half-time (0.5) Mechanic position should be eliminated.** This position is vacant at the present time. While the position has been vacant, the City's Maintenance Foreman has utilized cost-effective methods for maintenance of the City's fleet including the use of a vehicle maintenance contractor located in Palos Verdes Estates, the use of a Maintenance Worker to shuttle City vehicles to the local vehicle maintenance contractor, etc. The City's Maintenance Foreman should be commended for developing and implementing these cost-effective methods. The City should continue to use this local vehicle maintenance contractor for maintenance of the City's vehicles. The half-time (0.5) Mechanic position (a City position) should be eliminated in the fiscal year 2013-14 budget. In addition, a firm in Orange County is maintaining the City's police motorcycles, and City Maintenance Workers are shuttling the police motorcycles back and forth, resulting in the loss of a half-day for one of the City's Maintenance Workers. The City should seek to identify and contract with a contractor in closer proximity to Palos Verdes Estates for maintenance of police motorcycles or require the contractor to shuttle the motorcycles to and from City Hall.

Overall, if the City continues with contract service delivery, the City should change the number of recommended mix of City employees and contract staff for delivery of Building and Safety, Planning, and Public Works Administration services as noted in the table below.

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City Employees	Full-Time Equivalent	Contract Employees	Full-Time Equivalent
Maintenance Foreman	1.00	Public Works / Planning Director	0.75
Maintenance Worker	4.00	Associate Engineer - Planning	0.85
Code Enforcement Officer	0.50	Senior Building Inspector	0.91
Permit Technician	1.50	Building Inspector	0.45
		City Forester	0.40
		Senior Engineer - Traffic & CIP	0.40
		Senior Engineer - Structural	0.20
		Senior Engineer - NPDES	0.08
TOTAL EMPLOYEES	7.00		4.04

This is 0.5 less City employees than present, and almost two (2) less contract employees than present. However, the number of contract employees denoted in the table should be viewed with caution. First, the Senior Engineer - Structural and Senior Engineer – NPDES are “on-call” positions, and the hours charged to Palos Verdes Estates will increase or decrease based upon the permit workload and NPDES regulatory requirements. Secondly, it will require effort and calendar time on the part of the City to train its employees and to transition work to these employees from Charles Abbott Associates, as recommended within this report. Thirdly, the design and construction inspection of the City’s capital improvement projects are recommended for outsourcing to a different contractor than the contractor providing Building and Safety, Planning, and Public Works Administration services; those hours are not reflected in the preceding table.

10. THE MATRIX CONSULTING GROUP DID CONSIDER THE ADDITION OF OTHER POSITIONS FOR THE DELIVERY OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES.

One of the questions posed by the City was whether the Matrix Consulting Group considered the addition of other positions for the delivery of Building and Safety,

Planning, and Public Works Administration such as a Management Analyst or contract administrator. The Matrix Consulting Group did consider other positions.

For example, a contract administrator for the Building and Safety, Planning, and Public Works Administration services contract is clearly not warranted. The current contract amounts to a little over \$1.1 million. The Matrix Consulting Group uses a benchmark of 1.5% for contract administration costs. This benchmark indicates that the contract administration costs should approximate \$16,500. This is clearly insufficient to warrant a full-time contract administrator.

11. THE CONTENT OF THE CONTRACT FOR BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SHOULD BE MODIFIED.

Effective and well-written service agreements can enhance governance, accountability, and service quality by clearly defining roles, responsibilities, processes, and performance expectations.

Overall, the Matrix Consulting Group recommends that the contract for delivery of Building and Safety, Planning, and Public Works Administration services be modified as noted below.

- The contract should include (1) a purpose statement that defines the purpose of the contract and associated service delivery to ensure that the City and the contractor agree on what they expect to achieve from the service contract and to provide a consistent reference point for managing the relationship; (2) key principles that clearly articulate statements about commitments to particular business practices, quality, and service levels; and (3) the scope of services, in general, that are subject to the contract. A detailed description of the service or activity should be included later in the contract.
- The roles and responsibilities of the contractor's staff should be clearly identified including the decision-making authority of the contractor's staff, the delegation of authority that will apply to services delivered by the contractor including specific

signing or decision-making authorities, and the roles and responsibilities of the contractor's staff at almost a job description level of detail.

- The services to be delivered by the contractor should be identified in detail including the services, functions, processes, activities, or projects that are subject to the agreement.
- The levels of service to be delivered by the contractor should be identified to serve as performance metrics, including reporting requirements to the City Manager regarding actual performance in comparison to these metrics. Establishing metrics and monitoring actual performance against these metrics are two of the most valuable activities an organization can undertake to promote service excellence.
- The City should continue to compensate the contractor for fee-related services based upon a % of the fees collected. The compensation should be tied directly to the workload associated with the fee-related plan check and inspection services, with actual labor hours and staffing increased or decreased by the contractor based on workload and specific service levels established in the contract. The costs to the City for fee-related services should not exceed the fee-related revenues, and the cost of fee-related services should be recovered from the fee structure established by the City.
- The City should continue to compensate the contractor for non-fee related services based upon hourly rates proposed by the contractor and upon the number of contract hours the City wishes to buy for each of these non-fee related services with a not-to-exceed amount. The contract should contain provisions for annual increases in these hourly rates based upon the proposal received by the contractor. This is the typical approach used for compensation of consultants. The contractor should have to submit a proposal for the provision of these services including proposed hourly rates. If the contractor refuses to provide a service specified in the contract or pushes back on a management decision, the City can clearly terminate the contract.

However, the contract between the contractor and the City is more than just a service delivery relationship. The contract involves the management by the contractor of a number of essential services that have long-term impacts on the City e.g., asset management of streets, wastewater and stormwater collection systems, parks, etc. As noted previously, the Matrix Consulting Group identified a number of strengths and opportunities for improvement in a best practices assessment of Building and Safety,

Planning, and Public Works Administration. The Public Works Director should prepare a plan to redress the opportunities for improvement contained in the assessment, the responsibilities for implementation of these opportunities for improvement, and a planned schedule for implementation.

6. PLAN OF IMPLEMENTATION

Before the City begins implementing the recommendations contained within this report, we suggest that it take the following actions:

Recommendation #1: This study should be distributed to the departmental directors, managers and supervisors of the City that are affected by its recommendations, including Charles Abbott Associates.

Recommendation #2: The City Manager should review the proposed plan of implementation and the summary of recommendations in this report with the departmental directors, managers, and supervisors that are affected by its recommendations, including Charles Abbott Associates, modify the plan of implementation as appropriate, and submit the revised plan of implementation to the City Council.

Recommendation #3: After acceptance of the report and the implementation plan by the City Council, an annual status report outlining implementation progress should be provided to the City Council by the City Manager.

A summary of the recommendations contained within this report is presented in the following page.

Summary of Recommendations

Chapter 1 - Introduction and Executive Summary	
1	This study should be distributed to the departmental directors, managers and supervisors of the City that are affected by its recommendations, including Charles Abbott Associates.
2	The City Manager should review the proposed plan of implementation and the summary of recommendations in this report with the departmental directors, managers, and supervisors that are affected by its recommendations, including Charles Abbott Associates, modify the plan of implementation as appropriate, and submit the revised plan of implementation to the City Council.
3	After acceptance of the report and the implementation plan by the City Council, an annual status report outlining implementation progress should be provided to the City Council by the City Manager.
Chapter 5 - Analysis of Service Delivery Options	
4	If the City decides to provide some or all of its Building and Safety, Planning, and Public Works Administration services by contract, the City should issue a Request for Proposals for those services.
5	The City should evaluate a number of factors, not limited to cost, and determine how it wishes to provide Building and Safety, Planning, and Public Works Administration services.
Chapter 6 - Content of the Contract	
6	The contract for Building and Safety, Planning, and Public Works Administration should provide a clear understanding of the scope so that the extent of work involved and respective obligations are clearly understood. This should include a purpose statement, key principles, and a general definition of scope and activities.
7	The roles and responsibilities of the contractor's Building and Safety, Planning, and Public Works Administration staff should be clearly defined in the contract.
8	The contract for delivery of Building and Safety, Planning, and Public Works Administration services should clearly define the services to be provided by the contractor, in detail.
9	The contract for delivery of Building and Safety, Planning, and Public Works Administration services should clearly define performance metrics and performance reporting responsibilities of the contractor.
10	The compensation by the City to the contractor for fee-related services (building, planning, and engineering) should be based upon a % of the fees collected. The costs to the City for fee-related services should not exceed the fee-related revenues, and the cost of fee-related services should be recovered from the fee structure established by the City.
11	The compensation by the City to the contractor for non-fee related services should be based upon hourly rates proposed by the contractor and upon the number of contract hours the City wishes to buy for each of these non-fee related services with a not-to-exceed amount. The contract should contain provisions for annual increases in these hourly rates based upon the proposal received by the contractor.
12	The Public Works Director should prepare a plan to address the opportunities for improvement contained in the best practices assessment along with the responsibilities for implementation of these opportunities for improvement and a planned schedule for implementation.

2. PROFILE

This profile presents background information regarding the City of Palos Verdes Estates' Building and Safety, Planning, and Public Works Administration functions. This chapter includes the following:

- The organizational structure of Building and Safety, Planning, and Public Works Administration;
- The workload and staffing trends where available; and
- The roles and responsibilities of staff within Building and Safety, Planning, and Public Works Administration including City and contract staff.

The chapter opens with a description of Palos Verdes Estates.

1. PALOS VERDES ESTATES HAS AN ESTIMATED POPULATION OF 13,516.

The *California Department of Finance* identified the population of Palos Verdes Estates as 13,516 for 2012. Over the past 32 years, the City's population has declined by 6% from 14,376 in 1980 to 13,516 in 2012. The following table presents the population for the City since 1980.

Table 1 – Changes on Population of Palos Verdes Estates: 1980 - 2012

Year	Population
1980	14,376
1990	13,512
2000	13,340
2012	13,516

However, the *Southern California Association of Governments* has forecast a gradual increase in population for Palos Verdes Estates by 2030. The following table presents the projected population for the City through 2030 as developed by the *Southern California Association of Governments*. As the table indicates, the *Southern*

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California Association of Governments is projecting an increase of approximately 5.6% in the population of Palos Verdes Estates by 2030.

Table 2 – Projected Population of Palos Verdes Estates to the Year 2030

Year	Population
2012	13,516
2015	14,188
2020	14,223
2025	14,255
2030	14,283

The City, however, appears to be largely built-out with only 45 vacant building sites in the City.

The population projections indicate that the Building and Safety, Planning, and Public Works workload is unlikely to change significantly, except those influenced by the regional and national economy.

2. PALOS VERDES ESTATES HAS A 2012-13 OPERATING BUDGET OF \$17,556,710 AND 55.24 FULL TIME EQUIVALENT EMPLOYEES.

The City of Palos Verdes Estates was incorporated in 1939, and is operated under a council-manger form of government. The oldest of four cities on the Palos Verdes peninsula, the City includes 4.75 square miles.

The City is authorized 55.24 full-time employees (excluding contract employees), and an all funds operating and capital budget of \$17,556,710 for fiscal year 2012-13.¹

The table on the following page presents the City's actual / budgeted all funds operating and capital budget expenditures for fiscal years 2009-10, 2010-11, and 2011-12, excluding transfers in and transfers out. Of note, the all funds operating and capital budget expenditures have largely remained unchanged for the past three fiscal years.

¹ City of Palos Verdes Estates FY 2012-13 and FY 2013-14 budget

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**Table 3 – Actual / Budgeted Expenditures for the City of Palos Verdes Estates:
FY 2009-10 to FY 2011-12**

	2009-10	2010-11	2011-12
General Government	\$1,536,133	\$1,594,845	\$1,436,685
Public Safety	\$10,876,864	\$10,804,913	\$10,368,272
Parks and Recreation	\$1,073,896	\$1,090,781	\$1,165,880
Public Works	\$4,014,752	\$3,913,287	\$4,937,890
TOTAL	\$17,501,645	\$17,403,826	\$17,908,727

The following table provides a breakdown of the City's authorized full-time employees by function. This table excludes contract employees.

Table 4 – Authorized Full-Time City Employees by Function – FY 2012-13

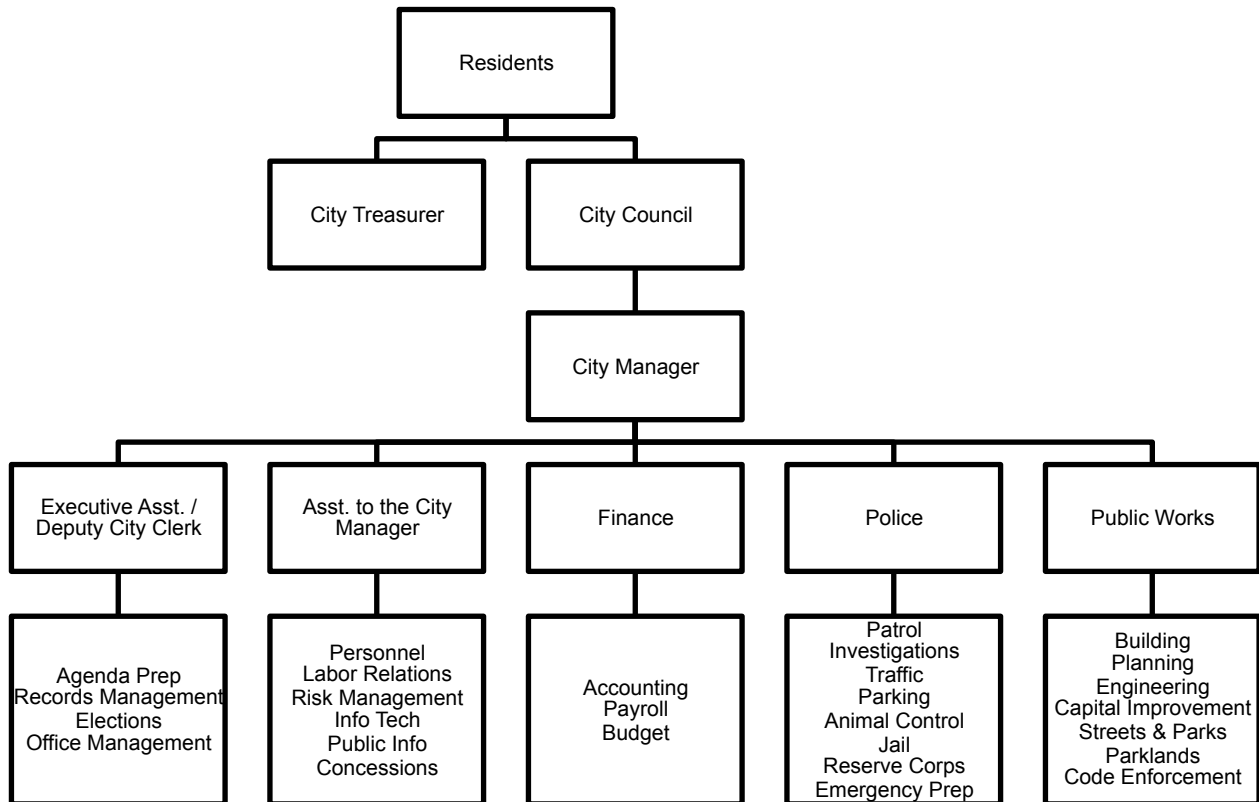
Function	Number of Full-Time Equivalent Staff
Office of the City Manager	3.00
Finance	3.00
City Treasurer	0.12
City Clerk	2.12
Police	39.50
Building and Safety	1.00
Planning	1.00
Streets	2.75
Parklands	2.75
TOTAL	55.24

As noted above, 72% of the City's full-time positions are assigned to the Police Department. The number of positions indicated in the table above for Building and Safety and the Planning staff reflect only the City's in-house staff, and not the staff provided by Charles Abbott Associates under contract with the City. The City also contracts for fire protection with the County of Los Angeles; those contract employees are also excluded from the table.

3. PALOS VERDES ESTATES HAS A LEAN MANAGEMENT STRUCTURE.

The current organizational structure of the City is presented below.

**Chart 1- Current Administrative Plan of Organization
for the City of Palos Verdes Estates**



The City’s management structure is lean, with management staff filling multiple roles. The City Manager serves as the City Clerk and the Finance Director, and supervises the Assistant to the City Manager, the Executive Assistant / Deputy City Clerk, the staff of the Finance Department, the Police Chief, the contract with Charles Abbott Associates for Building and Safety, Planning, and Public Works Administration, and the contract with Los Angeles County for fire protection services. The Assistant to the City Manager supervises Human Resources, Information Technology, and Public Information. The contract Public Works Director supervises Building, Planning,

Engineering, Streets Maintenance, Parks and Urban Forestry Maintenance, and Code Enforcement.

City employees currently provide a range of services including police; maintenance services of City buildings, parkways, medians, and streets; and general administrative services.

The City currently contracts for a range of services including Los Angeles County for fire protection and paramedic services; Charles Abbott Associates for Building and Safety, Planning, and Public Works administration; a contractor for residential refuse collection; and concession agreements to provide recreation services with facilities located on City property. The City also contracts with various vendors in order to maintain the City's infrastructure.

4. ACTUAL EXPENDITURES FOR BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION WERE \$1,203,540 IN FISCAL YEAR 2011-12.

Building and Safety, Planning, and Public Works Administration had actual expenditures totaling \$1,133,161 in fiscal year 2011-12.² These expenditures included Building and Safety, Planning, and Public Works Administration, included both City in-house staff and contract staff employed by Charles Abbott Associates on behalf of the City, and the City's indirect cost allocation. The table below presents these expenditures for each of these organizational units.

² Palos Verdes Estates, Office of the City Manager

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Table 5 – Actual Expenditures for Building and Safety, Planning, and Public Works Administration in Fiscal year 2011-12

Unit	Actual FY 2011-12 Expenditures	% of Total
Building and Safety	\$520,037	45.89%
Planning	\$381,511	33.67%
Public Works Administration	\$231,613	20.44%
TOTAL	\$1,133,161	100.00%

In fiscal year 2011-12, Building and Safety, Planning, and Public Works Administration generated an estimated \$1,208,477 in development-related revenue. Revenues exceeded expenditures.

5. THE CITY CONTRACTS WITH CHARLES ABBOTT ASSOCIATES FOR PUBLIC WORKS, PLANNING, AND BUILDING AND SAFETY SERVICES.

The City has contracted with Charles Abbott Associates for Public Works, Planning, and Building and Safety services since 1985.

The employees of Charles Abbott Associates function much like City staff, performing their duties at City Hall or field locations within the City, during normal City business hours.

The services provided by Charles Abbott Associates are detailed in the professional services agreement with the City. The services are described below.

- **Building and Safety Administration**
 - Perform building inspections and structural / non-structural plan checks.
 - Ensure all applicable City ordinances and policies are incorporated into plan checks.
 - Make recommendations as to whether geology reports are required for specific projects.
 - Provide all services necessary to review soils and / or geology reports required in connection with projects.

- **Planning Administration**
 - Supervision of Code Enforcement
 - Preparing and processing all applications for review by the Planning Commission and / or City Council, including Neighborhood Compatibility Review, Conditional Use Permits, Grading Applications and Permits, etc.
 - Provide environmental review and designation of City-related projects.
- **Public Works**
 - Traffic and Safety Committee liaison.
 - Parklands Committee liaison.
 - Public works permits and general administration
 - Special projects coordination, including but not limited to all environmental programs.
 - Contract administration including, but not limited to, City Hall janitorial services, landscape maintenance, tree trimming, street sweeping, refuse collection, and, as needed, miscellaneous maintenance service contracts such as pothole patching, overlay, and slurry seal.
- **Capital Improvement Projects Administration**
 - Manage the design, construction, and inspection of Capital Improvement Program projects.

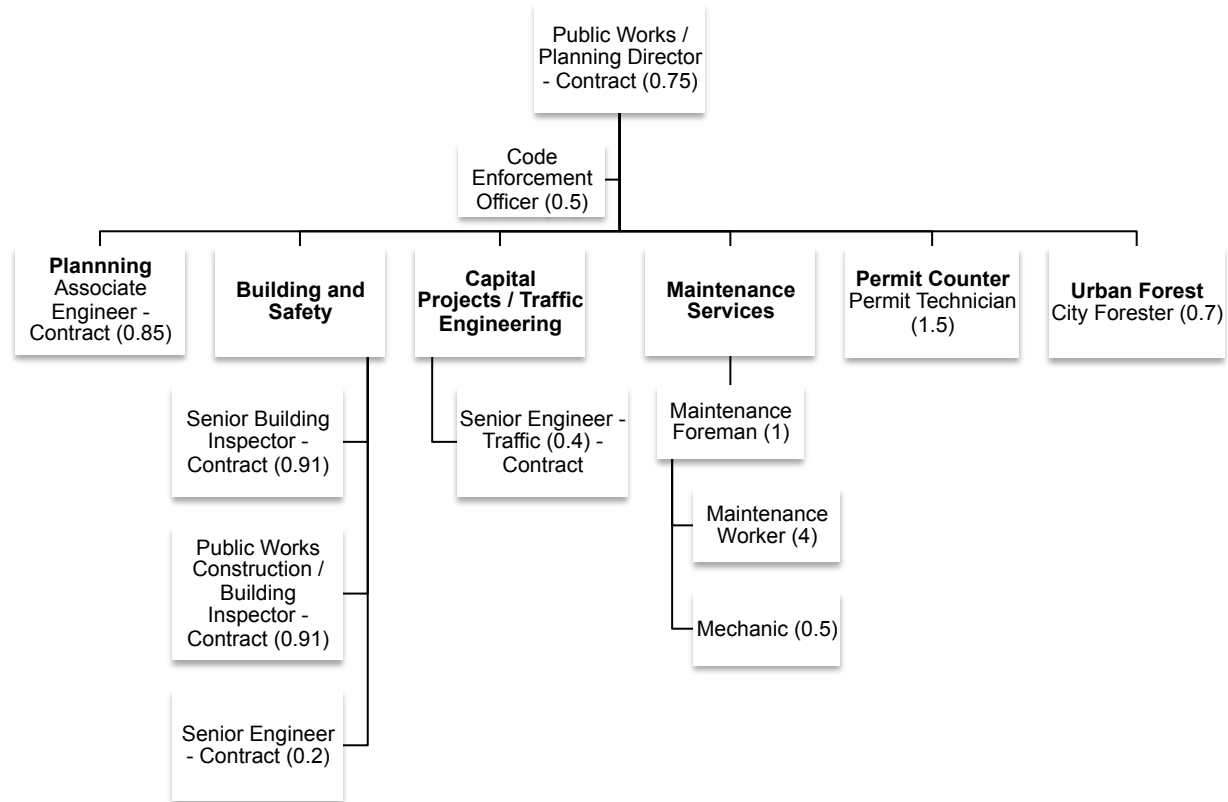
Charles Abbott Associates is also responsible for attendance at all City Council, City Commission, and Committee meetings.

6. BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ARE ALLOCATED 13 FULL-TIME CITY AND CONTRACT STAFF.

The plan of organization for Building and Safety, Planning, and Public Works is presented below.

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**Chart 2 - Current Plan of Organization for
 Building and Safety, Planning, and Public Works**



Important points to note regarding the plan of organization are presented below.

- The employees employed by Charles Abbott Associates are noted as “contract” in the chart above. All other employees are employees of the City.
- The Public Works / Planning Director, a contract employee, manages Building and Safety, Planning, and Public Works Administration. The Public Works / Planning Director is designated as the Project Supervisor in the contract with Charles Abbott Associates. The Public Works / Planning Director is the equivalent of a 0.75 full-time equivalent employee in terms of hours charged to the City in FY 2011-12.
- An Associate Engineer - Planning, a contract employee, is responsible for the delivery of planning services including the Neighborhood Compatibility Design Review process, reviewing and processing Planning permits such as Lot Line Adjustments, grading permit applications, and Coastal Development permits, attending Planning Commission meetings and report on Coastal and Neighborhood Compatibility projects and issues, etc. The Associate Engineer -

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Planning is the equivalent of a 0.85 full-time equivalent employee in terms of hours charged to the City in 2011-12.

- Three contract employees are assigned to Building and Safety: a Senior Building Inspector, a Public Works Construction / Building Inspector, and a Senior Engineer.
 - The Senior Building Inspector, a contract employee, is responsible for serving the public and permit applicants at the Permit Counter at City Hall, providing information and guidance on building permits; conducting non-structural plan checks of building permit plans; conducting building inspections of new residential and commercial construction, residential and commercial remodels, and plumbing, mechanical, and electrical trades; etc. The Senior Building Inspector is the equivalent of a 0.91 full-time equivalent employee in terms of hours charged to the City in 2011-12.
 - The Public Works Construction / Building Inspector, a contract employee, is responsible for calculating all Public Works permit fees, including receiving monies, intake of plans, and permit issuance; providing public information and answering questions pertaining to public works issues at the Permit Counter; conducting building inspections of new residential and commercial construction, residential and commercial remodels, and plumbing, mechanical, and electrical trades; conducting National Pollutant Discharge Elimination System inspections; conducts public works construction inspections for capital improvement projects and for private construction in the City's right-of-way including encroachment and excavation permits including conformance with traffic control plans submitted for construction; etc. The Public Works Construction / Building Inspector is the equivalent of a 0.91 full-time equivalent employee in terms of hours charged to the City in 2011-12.
 - The Senior Engineer, a contract employee, is responsible for conducting structural building permit plan checks of non-standard structures including residential and commercial additions, new dwellings, remodels, retaining walls, and projects requiring structural calculations; plan checking building permit plans to ensure calculations and plans meet building codes, and that soils reports conform to City standard specifications; etc. The Senior Engineer is the equivalent of a 0.2 full-time equivalent employee in terms of hours charged to the City in 2011-12.
- The City Forester, a contract employee, is responsible for supervising the City's urban forestry program including the trimming, thinning, and inspections; supervising the tree trimming, landscape maintenance, and fire safety / weed abatement contracts; acting as liaison to the Parklands Committee; inspecting and approving / denying tree removal requests; providing public information and

guidance on any tree or landscape issues; designing City landscapes, and entrances; supervising parkland and trails, including maintenance and upkeep; etc. The City Forester is the equivalent of a 0.70 full-time equivalent employee in terms of hours charged to the City in 2011-12.

- The Senior Engineer - Traffic, a contract employee, is responsible for managing the City's capital improvement program, including design and construction inspections of these projects; manages operating contracts for painting of curb and gutters, pavement striping, street sweeping and refuse collection including writing request for proposals, negotiating contracts, invoicing and billing; prepares reports, and attends and presents the reports to the Traffic Safety Committee; etc. The Senior Engineer works two days a week, the equivalent of a 0.40 full-time equivalent employee in terms of hours charged to the City.

Previously, in fiscal year 2011-12, an Associate Engineer, a contract employee, provided the project management of the City's capital improvement projects. This contract employee was the equivalent of a 0.83 full-time equivalent employee, in terms of hours charged to the City in 2011-12.

- Five and one-half (5.5) City staff are assigned to street, park, and equipment maintenance services, and are City employees. The staff are responsible for a number of miscellaneous maintenance tasks including pothole patching, dead animal pick-up, making and replacing street signs, graffiti removal, maintaining and inspecting parkland trails, minor landscape construction projects, setting up for and cleaning up after community events, etc. The Mechanic – a half-time position that is currently vacant – is responsible for supervising vendors that maintain and repair the City's thirty (30) vehicles, maintains tires and brakes for all City vehicles; performs all light bar and strobe maintenance on police vehicles; performs minor maintenance; etc.
- One and one-half (1.5) City staff – Permit Technicians – are assigned to the City's permit counter at City Hall, and are City employees. These staff are responsible for serving permit applicants at the permit counter, issuing non-structural permits, maintaining fee and valuation data, maintaining the City's address files, scheduling inspections, etc.
- A half-time (0.5) City staff is assigned to code enforcement: a Code Enforcement Officer. This is a City employee. This staff person is responsible for ensuring compliance with City codes by responding to resident complaints and ensuring proper permitting at building job sites through site visits, and verbal warnings or notices to comply.

The roles and responsibilities of the Charles Abbott Associates staff noted above are presented in more detail in Exhibit 3 at the end of this chapter. The roles and

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responsibilities of the City employees described above are presented in more detail in Exhibit 4 at the end of this chapter.

The following table presents the positions provided by Charles Abbott Associates and the hours charged to the City of Palos Verdes Estates in fiscal year 2011-12.³

Table 6 – Hours Billed by Charles Abbott Associates to Palos Verdes Estates in FY 2011-12

Position	Hours Billed to the City in FY 2011-12	Average Hours Per Week
Project Manager	1,575.50	30.30
Senior Building Inspector	1,900.00	36.54
Building Inspector	1,213.50	23.34
Associate Engineer - Public Works	1,748.00	33.62
Associate Engineer - Planning	1,778.50	34.20
Public Works Inspector	680.00	13.08
Forester	1,453.50	27.95
TOTAL	10,349.00	199.02

Important points to note regarding the table are presented below.

- This does **not** include on-call positions provided by Charles Abbott Associates as workload requires, for example, the Senior Engineer assigned responsibility for structural plan checking of building permit plans. The Senior Engineer, for example, charged 437 hours in 2011-12. Other on-call positions provided traffic engineering, environmental engineering, and field surveying services.
- One contract employee filled two of the positions noted in the table above: the Building Inspector and the Public Works Construction Inspector.
- It is important to note that these represent actual hours worked on behalf of Palos Verdes Estates, and excluded leave of any type (e.g., sick, vacation, holiday, etc.).

Overall, the City obtained the equivalent of approximately six (6) full-time equivalent staff, including the on-call positions, from Charles Abbott Associates in FY 2011-12 including on-call positions.

³ City of Palos Verdes Estates, CAA Monthly Billing Spreadsheet

7. THE ANNUAL COST OF THE CITY'S CONTRACT WITH CHARLES ABBOTT ASSOCIATES HAS DECREASED OVER THE PAST FOUR YEARS.

The professional services agreement between the City and Charles Abbott Associates defines the scope of services to be provided, the location and hours for services, staffing assumptions and requirements, insurance requirements, and billing rates and procedures. Greater detail regarding the specifics of this service agreement is presented in Exhibit 5 at the end of this chapter.

The hourly billing rates for compensation of Charles Abbott Associates are adopted annually by the City Council in accordance with the provisions of the contract. The table below provides a list of the positions provided by Charles Abbott Associates, and their hourly rates for the past four fiscal years.⁴

Table 7 – Hourly Rates Charged by Charles Abbott Associates: FY 2008-09 to FY 2011-12

Position	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Project Engineer	\$125	\$125	\$125	\$125
Project Supervisor	\$129	\$129	\$129	\$129
Senior Engineer	\$125	\$125	\$125	\$125
Associate Engineer	\$98	\$98	\$98	\$98
Environmental Assoc. /Specialist	\$70	\$70	\$70	\$70
Arborist	\$90	\$90	\$90	\$90
Senior Building Inspector	\$94	\$94	\$94	\$94
Building Inspector	\$83	\$83	\$83	\$83
Public Works / Construction Inspector	\$83	\$83	\$83	\$83

The rates charged by Charles Abbott Associates have remained unchanged over the past four years.

⁴ City of Palos Verdes Estates, CAA Hourly Rates Spreadsheet

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The table below presents the total hours billed and the total contract costs billed by Charles Abbott Associates to the City of Palos Verdes Estates over the past four years.⁵

Table 8 – Annual Hours Billed by Charles Abbott Associates to the City of Palos Verdes Estates and the Cost of the Hours

Fiscal Year	Hour Billed	Total Cost
FY 2008-09	12,855	\$1,235,317
FY 2009-10	12,079	\$1,173,875
FY 2010-11	11,746	\$1,143,227
FY 2011-12	11,201	\$1,101,807

The hours billed and the costs billed have decreased over the past four fiscal years. The number of hours billed by Charles Abbott Associates in fiscal year 2011-12 were almost 13% less than those billed in fiscal year 2008-09, and the costs associated with those hours were almost 11% less in fiscal year 2011-12 than fiscal year 2008-09.

8. THE WORKLOAD OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS HAS FLUCTUATED OVER THE PAST SEVERAL YEARS.

The workload of Building and Safety, Planning, and Public Works Administration has fluctuated over the past several years. After fiscal year 2007-08, permits and inspection services decreased. The Building and Safety and Planning workload included neighborhood compatibility permits, building and planning permit plan review, building permits issued, and building inspections. The table below presents workload trends over the past five fiscal years.⁶

⁵ City of Palos Verdes Estates, CAA Billing History Excel Spreadsheet

⁶ City of Palos Verdes Estates, Building Activity Report for Palos Verdes Estates

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**Table 9 – Workload Trends for Building and Safety and
 Planning: FY 2007-08 to FY 2011-12**

Workload Measure (#)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Neighborhood Compatibility	49.0	34.5	32.5	36.0	24.5
Plan Checks	112.0	76.0	86.0	83.0	84.0
Building Permits	2,197.0	1,614.0	1,650.0	1,849.0	1,994.0
Building Inspections	3,839.0	2,763.0	2,320.0	2,507.0	2,565.0

Important points to note regarding the table are presented below.

- Neighborhood compatibility permit workload is related to the City's design review guidelines. The Associate Engineer – Planning processes neighborhood compatibility permits to ensure design guidelines regarding privacy, fence and landscape height, and view impacts are met by these permit applications.
- Permit plan check workload includes building permit plan checks, lot line adjustments, variances, coastal development permits, and conditional use permits. Permit plan check workload has decreased since fiscal year 2007-08.
- Building permit workload includes single trade building permits such as plumbing, mechanical, and electrical permits, and structural, grading, and soil evaluations. While building permit workload has decreased versus the levels experienced in fiscal year 2007-08, the workload in fiscal year 2011-12 was only 9% less than that of fiscal year 2007-08.
- Building inspection workload has decreased significantly since fiscal year 2007-08. However, the number of building inspections in the past two fiscal years has been largely the same each fiscal year. The table below presents the number of inspections per day and the hours charged by Charles Abbott Associates in 2011 - 12 for the inspections. Overall, an average of 10 inspections were made on a daily basis throughout the fiscal year 2011-12.⁷

⁷ City of Palos Verdes Estates, CAA Monthly Billing Spreadsheet

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Table 10 – Average Number of Building Inspections Per Day and Hours Charged to Building Inspections in Fiscal Year 2011-12

Month	Average Inspections Per Day	Hours Charged
July	10	247.0
August	9	239.5
September	14	259.5
October	11	261.5
November	10	210.5
December	8	219.5
January	9	281.0
February	8	261.0
March	11	296.0
April	9	288.0
May	10	290.0
June	11	260.0
Total		3,113.5

* * * * *

The exhibits pertaining to this chapter are presented following this page.

Exhibit 3 (1)

Roles and Responsibilities of Charles Abbott Associates Staff

Staffing by Classification		Roles and Responsibilities
Project Supervisor - Public Works Director / Planning Director	0.75	<ul style="list-style-type: none"> • Director of Public Works and Planning • Supervises Public Works, Planning, and Building and Safety staff, including conducting performance appraisals, making work assignments, etc. of CAA and City employees. • Prepares and presents staff reports to the City Council, Planning Commission, Traffic Safety Commission, and Parklands Commission. • Administers capital improvement projects, including monitoring progress and addressing standard or difficult aspects of the projects. • Serves applicants and the public at the permit counter, processing permit applications and responding to citizen questions. • Provides back up for Associate Engineer - Planning and Senior Engineer - Traffic when these CAA employees are on leave. • Ensures back up and "as needed" CAA contract staff are available to cover City employee leaves.
Associate Engineer - Planning	0.85	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Administers the Neighborhood Compatibility design review permit application process, including assisting applicants through the process, and ensuring design review requirements are understood and met. • Reviews and processes planning permits, including lot line adjustments, grading permit applications, and coastal development permits. • Attends Planning Commission meetings. • Prepares reports, Planning Commission agendas, and presents reports at Planning Commission meetings. • Serves permit applicants and responds to citizen questions at the permit counter.
Senior Engineer – Structural Plan Check	0.20	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Conducts structural building permit plan checks of non-standard structures including residential and commercial additions, new dwellings, remodels, retaining walls, and projects requiring structural calculations. • Plan checks building permit plans to ensure calculations and plans meet building codes, and soils reports conform to City standards.

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Exhibit 3 (2)

Staffing by Classification		Roles and Responsibilities
Senior Engineer - Traffic	0.40	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Administers capital improvement projects for the City. Existing capital improvement projects include the sewer pump station, sewer force main, roadway resurfacing, etc. • Manages maintenance and operating contracts for the City including pavement striping, street sweeping and residential refuse collection, etc. Contract management includes writing invitations for bid, negotiating contracts, processing invoices and bills, etc. • Prepares reports, and attends the Traffic Safety Committee. • Meets with citizens to discuss concerns regarding traffic, responds to traffic complaints, etc.
City Forester	0.70	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Supervises the urban forestry program including administering contracts for trimming and thinning of street and park trees. • Administers landscape maintenance, and fire safety / weed abatement contracts. • Functions as the liaison to the Parklands Committee. • Plan checks tree removal requests to ensure compliance with the requirements of City ordinances regarding removal. • Provides public information and guidance on any tree or landscape issues. • Develops designs for City landscapes and entrances. • Administers the maintenance of the City's parkland and trails, including maintenance and upkeep.
Senior Building Inspector	0.91	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Calculate fees for building permits • Serves the public and permit applicants at the permit counter, and provides information and guidance on building permits to permit applicants. • Plan checks non-structural building permits. • Conducts building inspections of new residential and commercial construction, and residential and commercial remodels, and plumbing, mechanical, and electrical trades. • Ensures building permit construction adheres to applicable building codes, and to the approved building permit plans.

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Exhibit 3 (3)

Staffing by Classification		Roles and Responsibilities
Public Works Construction / Building Inspector	0.91	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Calculates public works permit fees, including receiving monies, receiving plans, and issuing permits. • Provides information and answers questions regarding public works permits to permit applicants at the counter. • Conducts building inspections of new residential and commercial construction, and residential and commercial remodels, and plumbing, mechanical, and electrical trades. • Ensures building permit construction adheres to applicable building codes, and to the approved building permit plans. • Conducts inspections of building construction and public works construction to assure compliance with NPDES requirements. • Conducts public works inspections for capital improvement projects and encroachment / right-of-way permits. • Enforces all traffic control plans submitted for construction for capital improvement projects and encroachment / right-of-way permits. • Provides utility information and research to residents, contractors, and utility companies • Issues wide load and heavy load permits

Exhibit 4 (1)

Roles and Responsibilities of City Employees Assigned to Building and Safety, Planning, and Public Works Administration

Staffing by Classification	Roles and Responsibilities	
Maintenance Foreman	1.0	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director. • Supervises four full time maintenance workers, and one part time mechanic, including providing annual performance appraisals. • Plans and schedules work for assigned maintenance staff. • Responds to service requests for facility maintenance. Supervises and maintains HVAC systems, emergency generator systems, UST systems including necessary permits, etc. • Works with City Forester to identify and schedule maintenance of City street and park trees, City open space, and fire safety, and / weed abatement services. • Coordinates the setup and cleanup of the City sponsored community events. • Conducts safety training for assigned staff. • Respond to service requests from the public.
Maintenance Worker	4.0	<ul style="list-style-type: none"> • Report to the Maintenance Foreman. • Provide ongoing routine maintenance of City streets and parks including pothole patching, curb markings, dead animal pick-up, traffic control, manufacturing and replacing street signs, graffiti removal, maintaining and inspecting parkland trails, minor landscape construction projects, and setting up for and cleaning up after City sponsored community events.
Mechanic	0.5	<ul style="list-style-type: none"> • Reports to the Maintenance Foreman. • Supervises the maintenance of 30 City vehicles by vendors. • Maintains tires and brakes for all 30 City vehicles. • Provides light bar and strobe maintenance on police vehicles. • Provides minor maintenance for City vehicles, when necessary. • This position is vacant.

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Exhibit 4 (2)

Staffing by Classification		Roles and Responsibilities
Code Enforcement Officer	0.5	<ul style="list-style-type: none"> • Reports to the Project Supervisor - Public Works / Planning Director and the Assistant to the City Manager. • Conducts proactive inspections of the City to identify unpermitted building construction. • Responds to noise and weed complaints received from residents and businesses. • Attends nuisance abatement hearings. • Serves the permit counter and provides information on code-related issues. • Issues verbal warnings, courtesy letters, notices to comply, notices of violation, and final notices.
Permit Technician	1.5	<ul style="list-style-type: none"> • Report to the Project Supervisor - Public Works / Planning Director. • Serve the public and permit applicants at the permit counter, provides information regarding the permit application process and requirements, etc. • Calculate fees for building and planning permits. • Issues over the counter building permits. • Routes building and planning applications and plans to the Senior Building Inspector, Senior Engineer or the Associate Engineer - Planner for plan checking. • Maintains the permit tracking log, both in hard copy as well as in FileMaker Pro, to include basic project information as well as project status. • Makes copies of and issues building permits, including issuance and notification of the permit applicant. • Mails out invitations to bid for capital improvement projects. • Updates the City's website regarding development services information including agendas, action memos, form and fee updates, and code changes. • Responds to public records requests. • Schedules building inspections for the Senior Building Inspector and the Public Works Construction Inspector. • Prepares, copies and delivers Planning Commission, Parklands and Traffic Safety Committee agenda packets; prepares and mails the notices for meetings. • Prepares monthly building activity report. • Prepares Real Property Records reports on permit disclosure at time of escrow. • Provides annual stats for Congestion Management Program, housing unit changes, and stormwater mitigation • Conducts research with the County Assessor regarding square foot discrepancies and final building inspection verification.

Exhibit 5 (1)

**Essential Provisions of the Professional
Services Agreement Between
Palos Verdes Estates and
Charles Abbott Associates**

Contract Categories	Key Details
Services Engaged	<ul style="list-style-type: none"> • Exhibit A of the contract details key services associated with Building, Planning, Public Works, and Capital Improvement Projects Administration to be provided by the consultant. • The scope of services is reviewed on an annual basis, and adopted prior to the budget of the upcoming year.
Consultants Performance	<ul style="list-style-type: none"> • Requires the consultant to perform all services in a thorough, competent, and professional manner. • All services are undertaken at the direction of, and subject to the approval of the City Manager.
Rates and Fees	<ul style="list-style-type: none"> • The hourly rates which the consultant may charge for any services are established in the City's budget for that year. • The total maximum fee payable to the consultant shall be established in the City's budget for that fiscal year. • Adjustments to the consultants hourly rates may be requested, and, subject to approval, prior to the adoption of the coming fiscal year budget. • Hourly rate increases cannot exceed the percentage increase allowed for salaries of City employees.
Billing	<ul style="list-style-type: none"> • The consultant is required to submit monthly bills for services provided. • Each bill must list the services provided, the time spent, and classify the charges in conformance with the City's budgetary accounts, as approved by the City Manager. • The consultant is required to keep full, complete and accurate records that reflect all time spent, which are open to inspection by the City, upon request.
Fee-Related Services	<ul style="list-style-type: none"> • Consultant shall bill for services relating to development fees to applicants (Planning and Building Services) based on the hourly rates and actual hours worked. • The maximum fee consultant shall be paid for fee-related Building and Planning Services in any fiscal year shall not exceed the cap set forth in Exhibit C of the contract, which details revenue percentage splits. • City Manager and consultant shall work together annually to perform an analysis of the development fees, and recommend adjustments as necessary, to ensure full cost recovery.

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Exhibit 5 (2)

Contract Categories	Key Details
Services Related to Capital Improvements	<ul style="list-style-type: none"> • Consultant shall bill for services rendered in the administration and inspection of the City's capital improvement projects based on the hourly rates and actual hours worked. • The maximum fee consultant shall be paid in any one fiscal year shall not exceed eight and one half percent (8.5%) of the City's expenditures for capital improvement projects within that same fiscal year.
Location of Services	<ul style="list-style-type: none"> • The consultant staff shall function as staff of the City, and shall provide services at City Hall offices, or if necessary, at field locations within the City.
Hours for Service	<ul style="list-style-type: none"> • Consultant is permitted to bill the City for hours worked in excess of eight hours in any one day, provided, that excess hours are billed at the approved hourly rates. • Hours spent at City meetings, including City Council and City commissions, standing committees, and special and ad-hoc committees, shall not be billed to the City when attendance results in an excess of eight hours worked in one day. • Consultant may not reduce or adjust staffing during City business hours in order to bill costs for attendance at meetings.
Staffing by Consultant	<ul style="list-style-type: none"> • Consultant shall make every effort to maintain the stability and continuity of staff assignments. • Consultant shall confer with the City Manager when considering personnel changes that could affect the provision of services under the contract. • Consultant must review and obtain the approval of the City Manager for any proposed new staff members prior to the actual assignment of such staff to perform services for the City. • City Manager will confer with consultant at least once annually in order to evaluate consultant staff performance. • Any member of the consultant's staff that is evaluated as less than acceptable shall make every effort to improve their performance. A subsequent evaluation, not less than 90 days from initial evaluation, will be administered, and if performance has not improved, continued employment by the City is at the City Manager's sole discretion.
Assignment	<ul style="list-style-type: none"> • Consultant cannot assign this agreement, nor sublet or contract for the performance of services by another party without the prior written consent of the City Manager.

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Exhibit 5 (3)

Contract Categories	Key Details
Modification of Scope	<ul style="list-style-type: none"> • The City maintains the right to hire a full or part time employee or employees to perform all or part of the services currently provided by the Consultant. • The City may request additional work or services to be provided by the consultant, not within the scope of the contract. • City is required to provide notice to consultant, not less than ninety (90) days prior to change in scope.
Ownership of Documents	<ul style="list-style-type: none"> • The City shall retain ownership of all documents, reports, files, plans, and computer programs, and files of building permits and other computer records created and maintained by the consultant on behalf of the City.
Indemnification	<ul style="list-style-type: none"> • Consultant agrees to indemnify, hold harmless and defend the City, its Council and elective and appointive boards and each member thereof, against any and all liability or financial loss resulting from any loss, injury, damage, claim, or lawsuit arising out of or in any way resulting from the performance of the services or performance obligation of the consultant under this contract. • Obligations of the consultant are not limited by provisions of worker's compensation act or similar act.
Insurance	<ul style="list-style-type: none"> • Consultant, at its own cost and expense, shall procure a policy or policies of insurance for the following: commercial general and automobile liability; professional errors and omissions; and worker's compensation insurance. • Consultant shall provide the City with current certificates as proof.
Termination	<ul style="list-style-type: none"> • The City reserves the right to terminate the contract in whole or in part without cause at any time, providing the consultant with no less than ninety (90) days notice.
Transition Services	<ul style="list-style-type: none"> • In the event the City or consultant terminates the agreement, the consultant shall provide transition services as direct by the City Manager, to include the following: assistance in recruiting and hiring of replacement staff; training of replacement staff; documentation of procedures; and completion of all unfinished reports.
Term	<ul style="list-style-type: none"> • The agreement remains in effect until and unless otherwise amended by mutual agreement of the parties in accordance with the provisions set forth.

3. PLANNING ASSUMPTIONS

This chapter presents the planning assumptions regarding service delivery options for Building and Safety, Planning and Public Works Administration. These planning assumptions include start-up costs associated with an option other than the current mode of service delivery, the fully-loaded compensation costs (salary and fringe benefits) associated with an insourced or in-house service delivery option, the costs of services and supplies associated with an insourced or in-house service delivery option, etc. These planning assumptions were developed before the identification of alternatives and the analysis of the alternative service delivery options.

1. THE COSTS ASSOCIATED WITH AN INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION SHOULD BE BASED UPON FULLY LOADED COMPENSATION COSTS.

The hourly costs associated with the existing service delivery by Charles Abbott Associates are presented in Table 7 in the previous chapter. The rates charged by Charles Abbott Associates are fully loaded and include salaries and fringe benefits.

If the City selected an alternative of insourcing or in-house service delivery for Building and Safety, Planning and Public Works Administration, the City would incur salary and fringe benefit costs for the employees necessary for the delivery of these services. The fringe benefit rate of Palos Verdes Estates amounts to 33.4% of salary for public service employees and for 32.21% of salary for management / confidential employees.⁸

The consideration of the insourcing or in-house service delivery should include salary and fringe benefit costs.

⁸ City of Palos Verdes Estates

2. THE COSTS ASSOCIATED WITH AN INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION SHOULD BE BASED UPON NET AVAILABLE WORK HOURS.

The hourly costs associated with the existing service delivery by Charles Abbott Associates are presented in Table 7 in the previous chapter. The rates charged by Charles Abbott Associates are based upon net available work hours. In other words, these hours represent the hours actually worked for the City of Palos Verdes Estates, and exclude, as direct charges to the City, the costs associated with leave (sick, vacation, holidays, and compensatory time).

If the City selected an alternative of insourcing or in-house service delivery of Building and Safety, Planning and Public Works Administration, the City would incur costs associated with the provision of leave (sick, vacation, holiday, and compensatory time). While an employee's compensation is based upon 2,080 hours annually (40 hours per week multiplied times 52 weeks per year), an employee typically works less than that due to leave.

An analysis of the hours of leave used by employees of Palos Verdes Estates in FY 2011-12, excluding employees of the Police Department, indicates that these employees used an average of 211.2 hours of leave per employee.⁹ In determining the hourly costs for insourcing or in-house service delivery, these hours of leave would need to be subtracted from the 2,080 annual hours to determine the comparable hourly cost for this alternative.

In addition, some of these employees would need annual training to maintain the skills and education necessary to perform their job effectively. For example, a Building

⁹ City of Palos Verdes Estates Employee Leave Balances, Sungard Pentamation

Inspector employed by the City should be required to possess certification from the International Code Council (ICC), which offers certifications for residential, commercial and combination building inspectors. Each certification requires inspectors to pass a comprehensive inspection exam. Certifications are valid only for three years, and must be renewed to be current. During the three-year period prior to the renewal application date, the Building Inspector must accrue a number of continuing education units (CEU's) for each certificate. Renewal is achieved by participating in continuing education and professional development activities. A Building Inspector with certification as a residential building inspector, residential electrical inspector, residential plumbing inspector, residential mechanical inspector, and residential combination inspector requires 1.5 CEUs for renewal every three years for each of these certifications. A CEU is a continuing education unit; 10 hours of continuing education equals 1 CEU. So a Building Inspector with these five (5) previously mentioned certifications would require 75 hours of continuing education every three years.

Overall, the Matrix Consulting Group uses a metric developed by the *American Society of Training and Development*. The *American Society of Training and Development* conducts an annual survey of 461 organizations representing a diverse sample of industries, sizes, and locations, and a data source reflecting 27 Fortune Global 500 organizations. The survey found that employees averaged 31 hours of training in 2011.¹⁰ This is in addition to other types of training e.g., drug awareness, sexual harassment, etc.

¹⁰ 2012 State of the Industry Report, American Society of Training and Development

In sum, when considering leave and training requirements, an employee of the City has net available work hours of approximately 1,838 annually out of a possible 2,080 work hours.

3. THE CITY WOULD NEED TO PROVIDE REDUNDANCY FOR SOME IN-HOUSE POSITIONS USING CONTRACTORS.

The City cannot cease the delivery of building inspection and land use planning services when these employees are on leave or when the positions are vacant. The residents and business in Palos Verdes Estates would not tolerate that level of service.

Under the current contract method for service delivery, this is the responsibility of Charles Abbott Associates. Section 9 of the contract with Charles Abbot Associates requires the firm to “*make every reasonable effort to maintain the stability and continuity of staff assignments....*” And, in fact, Charles Abbott Associates has effectively fulfilled those responsibilities.

The requirements for ongoing delivery of building inspection, plan check, and land use planning services would require redundancy.

4. THE CITY WOULD CONTINUE TO EMPLOY CONTRACTORS WITH THE INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION DUE TO THE PART-TIME NATURE OF SOME OF THE WORK PERFORMED.

Even with an insourced or in-house service delivery option for Building and Safety, Planning and Public Works Administration, the City would need to continue to deliver some services contractually due to the part-time nature of workload associated with these services. An example would be the structural plan checking performed by a contract Senior Engineer. This contract employee only charged 437 hours to the City in fiscal year 2011-12.

Other cities use this same approach. Rancho Palos Verdes has its own Building Inspectors, yet budgets \$25,000 for “building and safety inspection services as needed.”

However, in all other instances, the City would require full-time City employees with an insourced or in-house service delivery option including instances in which Charles Abbott Associates employees work on an almost full-time basis. For example, the Project Manager and the Forester currently work an average of 28 to 30 hours per week. It would be extremely unlikely that the City would be able to find qualified candidates for these two positions that would be willing to work 3.5 to 4 workdays each week (based upon an 8-hour workday).

5. THE CITY WOULD INCUR ADDITIONAL SERVICE AND SUPPLY COSTS WITH AN INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION.

Charles Abbott Associates pays for a number of services and supplies costs on its own without reimbursement by the City (except as part of its hourly rate). This includes such services and supplies as mileage reimbursement, meetings and conferences, training, membership and dues, publications (e.g., California Planning and Redevelopment Report, Land Use Digest, Urban Land Institute, and California Coast and Ocean. Reference materials include California Land Use and Planning Law, the Subdivision Map Act manual, CEQA compliance guidelines, building code updates, etc.), etc.

With an insourced or in-house service delivery option, the City would incur these costs. The would also have to pay for the ongoing costs of cell phones and other technology needed for these City employees, vehicle maintenance costs and replacement charges for City-provided vehicles for the Public Works / Building Inspector,

Chief Building Official, and the City Forester, etc. The annual service and supply costs are estimated at \$3,200 per employee.

In addition, the City would require an automated permit information system to track building, planning and engineering permits. At the present time, Charles Abbott Associates provides an automated permit information system as part of its contract. If the City used a “hosted” approach to acquire this system, it would incur an estimated \$30,000 annually in service and supply costs from a software vendor.

On the other hand, the professional service costs would be reduced with the reduction of the contract with Charles Abbott Associates.

6. THE CITY HAS SUFFICIENT ADMINISTRATIVE STAFF TO SUPPORT AN INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION.

The insourced or in-house service delivery option would require that additional employees receive administrative support from the Finance Department (payroll, purchasing, accounts payable, etc.), and the Assistant City Manager (human resources, labor relations, risk management, etc.).

The Matrix Consulting group believes that the number of additional employees required under this service delivery option would not increase the administrative workload beyond the capacity of the Finance Department and Assistant to the City Manager. Additional administrative support staff would not be required in these departments.

7. THE CITY WOULD INCUR STARTUP COSTS IN TRANSITIONING TO AN INSOURCED OR IN-HOUSE SERVICE DELIVERY OPTION.

Start-up costs are necessary one-time charges associated with staff and asset procurement that would be incurred by the City to transition to the insourced or in-house service delivery option. These costs are usually assessed in the first year.

Assets include sedans for the Public Works / Building Inspector, Chief Building Official, and the City Forester, and personal computers for all of the additional employees. The estimated one-time asset cost would approximate \$70,000.

Transition costs would involve the retention of Charles Abbott Associates for a three-month period to train and orient the new City employees that would replace the contract employees, at an estimated cost of \$275,000.

The estimated transition cost would approximate \$345,000.

In addition, the City would require an automated permit information system to track building, planning and engineering permits. At the present time, Charles Abbott Associates provides an automated permit information system as part of its contract. The first-year and ongoing cost of such a system, using a “hosted” approach, would approximate \$30,000, as mentioned previously.

4. COMPENSATION SURVEY

This chapter presents the compensation survey conducted as part of the analysis of service delivery options for Building and Safety, Planning and Public Works Administration. The compensation survey was conducted to determine the salary and fringe benefit costs the City would likely incur if the City chose to deliver some or all of the Building and Safety, Planning and Public Works Administration services with in-house staff.

1. THE MATRIX CONSULTING GROUP CONDUCTED A SALARY SURVEY OF SEVEN CITIES.

The Matrix Consulting Group conducted a salary survey of seven (7) other cities that Palos Verdes Estates utilizes for purposes of comparing compensation. This includes the cities of South Pasadena, San Marino, Hermosa Beach, Rancho Palos Verdes, Rolling Hills Estates, Malibu, and La Canada Flintridge. The salary ranges for these cities were utilized to determine a competitive salary for possible positions in Palos Verdes Estates.

The fringe benefit rate of Palos Verdes Estates was utilized to develop the fringe benefit costs, and was applied to the range of the average of the salaries from these other cities. This included separate rates for public service employees (33.4% of salary) and for management / confidential employees (32.21% of salary).

Seven (7) classifications were utilized for purposes of the classification survey: Public Works Director, Planning Director, Chief Building Official, Senior Civil Engineer, Senior Planner, Associate Civil Engineer, and Building Inspector.

None of the comparison cities employed a City Forester or Arborist.

Not all of the cities delivered Building and Safety services with in-house staff. South Pasadena, Rolling Hills Estates, and La Canada Flintridge deliver these services by contract, the same as Palos Verdes Estates.

Not all of the cities employ a full array of civil engineering staff.

- San Marino does not have a Public Works Director; the Assistant City Manager is allocated – on a half-time basis - as the departmental director for the Parks and Public Works Department. The City does not employ any engineers – registered or otherwise.
- Rolling Hills Estates does not have a Public Works Directors or any engineers – registered or otherwise.
- Hermosa Beach employs a Public Works Director, but not a Senior Civil Engineer, only Associate Civil Engineers. It also employs a contract capital improvement project engineer.
- La Canada Flintridge contracts for some aspects of civil engineering and traffic engineering services, although it does employ or have classifications for a Public Works Director, a City Engineer, Senior Civil Engineer, and an Associate Engineer.

2. EACH OF THE COMPARISON CITIES WAS CONTACTED TO OBTAIN FISCAL YEAR 2012-13 SALARY RANGE DATA, WITH FRINGE BENEFIT DATA BASED UPON PALOS VERDES ESTATES.

The Matrix Consulting Group contacted each of the comparison cities – either through the cities web site or by phone – to obtain appropriate salary resolutions approved by their City Councils for the classifications used for comparison purposes.

The Matrix Consulting Group then utilized data from the City of Palos Verdes Estates to determine the cost of fringe benefits as a percentage of salaries: this included separate rates for public service employees (33.4% of salary) and for management / confidential employees (32.21% of salary). The percentages were applied to the salary ranges obtained form the cities.

3. THE RESULTS OF THE COMPENSATION SURVEY WERE THEN TABULATED, AND THE RESULTS UTILIZED TO DETERMINE THE COMPENSATION COSTS FOR AN INSOURCED SERVICE DELIVERY OPTION.

The series of tables below present the total compensation costs for the classifications utilized for the purpose of the compensation survey, beginning with the classification of Building Inspector.

Table 11 - Compensation Survey Results for Building Inspector

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Building Inspector	\$58,547	\$74,617	\$19,555	\$24,922	\$78,102	\$99,539

This table above reflects average salary and fringe benefit data for the building inspector classifications for the cities of San Marino, Hermosa Beach, Rancho Palos Verdes, and Malibu. South Pasadena, Rolling Hills Estates, and La Canada Flintridge deliver these services by contract. Overall, a full-time Building Inspector for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$78,000 to \$100,000 annually.

Table 12 - Compensation Survey Results for Senior Planner

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Senior Planner	\$78,936	\$98,712	\$26,365	\$32,970	\$105,301	\$131,682

This table above reflects average salary and fringe benefit data for the senior planner classifications for the cities of South Pasadena, La Canada Flintridge, Hermosa Beach, Rancho Palos Verdes, and Malibu. It excludes San Marino since that city compensates its senior planner at a much lower level than the other comparison cities. The Principal Planner classification for Rolling Hills Estates was utilized; the City does

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not employ a Senior Planner and the salary range for Principal Planner was comparable. Overall, a full-time Senior Planner for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$105,000 to \$132,000 annually.

Table 13 - Compensation Survey Results for Associate Civil Engineer

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Associate Civil Engineer	\$74,546	\$95,169	\$24,898	\$31,786	\$99,444	\$126,955

This table above reflects average salary and fringe benefit data for the associate civil engineer classifications for the cities of South Pasadena, La Canada Flintridge, Hermosa Beach, Rancho Palos Verdes, and Malibu. San Marino does not have any engineers – registered or otherwise. Rolling Hills Estates does not have any engineers – registered or otherwise. Overall, a full-time associate civil engineer for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$99,000 to \$127,000 annually.

Table 14 - Compensation Survey Results for Senior Civil Engineer

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Senior Civil Engineer	\$90,432	\$118,648	\$30,204	\$39,628	\$120,636	\$158,276

This table above reflects average salary and fringe benefit data for the senior civil engineer classifications for the cities of Rancho Palos Verdes, La Canada Flintridge, and Malibu. San Marino does not employ any professional civil engineers, nor does Rolling Hills Estates. Hermosa Beach employs an Associate Civil Engineer and also contracts for a capital improvement project engineer; it does not have a Senior Engineer. South Pasadena employs a Project Manager, but the salary is much lower than that of

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Senior Civil Engineer classifications for Rancho Palos Verdes and Malibu, and this comparable was not utilized as a result. Overall, a full-time Senior Civil Engineer for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$121,000 to \$158,000 annually.

Table 15 - Compensation Survey Results for Chief Building Official

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Chief Building Official	\$90,481	\$134,798	\$29,144	\$43,418	\$119,625	\$178,217

This table above reflects average salary and fringe benefit data for the chief building official classifications for the cities of Rancho Palos Verdes, and Malibu. South Pasadena, La Canada Flintridge, and Rolling Hills Estates deliver building and safety services by contract. San Marino employs building inspectors, but does not employ a chief building official; a full-time Planning and Building Director supervises the building inspectors. Hermosa Beach has a classification for Building and Code Enforcement Official, but this classification is compensated at a rate lower than Senior Planner, which is an anomaly. Overall, a full-time Chief Building Official for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$120,000 to \$178,000 annually.

Table 16 - Compensation Survey Results for Planning Director

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Planning Director	\$107,294	\$147,091	\$34,559	\$47,378	\$141,853	\$194,469

This table above reflects average salary and fringe benefit data for the planning director classifications for the cities of Rancho Palos Verdes, Malibu, South Pasadena,

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La Canada Flintridge, Rolling Hills Estates, San Marino, and Hermosa Beach. Overall, a full-time Planning Director for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$142,000 to \$194,000 annually.

Table 17 - Compensation Survey Results for Public Works Director

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
Public Works Director	\$109,473	\$148,996	\$35,261	\$47,992	\$144,735	\$196,988

This table above reflects average salary and fringe benefit data for the public works director classifications for the cities of South Pasadena, La Canada Flintridge, Hermosa Beach, Rancho Palos Verdes, and Malibu. San Marino does not have a Public Works Director; the Assistant City Manager is allocated – on a half-time basis - as the departmental director for the Parks and Public Works Department. The City does not employ any engineers – registered or otherwise. Rolling Hills Estates does not have a Public Works Director, nor employ any engineers – registered or otherwise. Overall, a full-time Publics Works Director for the City of Palos Verdes Estates would necessitate total compensation costs of approximately \$145,000 to \$197,000 annually.

5. COMMON LAW RULES REGARDING INDEPENDENT CONTRACTORS

The City posed a question regarding whether Charles Abbott Associates is an independent contractor in accordance with the common laws developed by the Internal Revenue Service..

1. THE INTERNAL REVENUE SERVICE HAS DEVELOPED SPECIFIC CRITERIA REGARDING WHAT CONSTITUTES AN INDEPENDENT CONTRACTOR.

These are based upon twenty common law factors developed by the Internal Revenue Service (see Exhibit 6 at the end of this chapter). They help employers, such as Palos Verdes Estates, correctly classify workers as employees or independent contractors. To determine whether an individual is an employee or an independent contractor under the common law, the relationship of the worker and the City must be examined. Facts that provide evidence of the degree of control and independence fall into three categories: control regarding the work, financial control, and the type of relationship of the parties must be considered.

2. CHARLES ABBOTT ASSOCIATES DIRECTS AND CONTROLS ITS EMPLOYEES THAT WORK FOR PALOS VERDES ESTATES.

Charles Abbott Associates has the right to direct and control how their workers complete the tasks for which the City hired Charles Abbott An employee of the City (versus an independent contractor) is generally subject to the City's instructions about when, where, and how to work.

This is generally not the case with the contract employees of Charles Abbott Associates. These contract employees receive their instructions about how to do work from the Project Supervisor (Public Works / Planning Director) including:

- When and where to do the work;
- What tools or equipment to use;
- What workers to assist with the work;
- Where to purchase supplies and services;
- What work must be performed by a specified contract worker; and
- What order or sequence to follow in completing the work.

Overall, an Independent Contractor does the job his or her own way with few, if any, instructions as to the details or methods of the work from the City.

Second, independent contractors ordinarily use their own methods regarding training of their workers. Charles Abbott Associates use their own methods and its contract employees need not receive training from the purchaser of those services: the City of Palos Verdes Estates.

Third, *An Independent Contractor's services are usually separate from the client's business and are not integrated or merged into it.*

3. CHARLES ABBOTT ASSOCIATES LARGELY EXERCISES FINANCIAL CONTROL OVER THE BUSINESS ASPECTS OF ITS CONTRACT EMPLOYEES THAT WORK FOR PALOS VERDES ESTATES.

A true independent contractor is able to assign another contract employee to do a job for Palos Verde Estates. This is the case with Charles Abbott Associates; it can assign another contract employee to do a job for Palos Verde Estates.

Second, Charles Abbott Associates selects, hires, pays, and supervises any contract employees and on-call contract employees (helpers) used and are responsible for the results of their work.

Third, a true independent contractor cannot be required to devote full-time service to one firm exclusively. In fact, some of the contract employees used by Charles Abbott Associates serve other cities, not just Palos Verdes Estates. In fact, Charles Abbott Associates, just like independent contractor, is free to seek out other business opportunities. Just like an independent contractor, Charles Abbott Associates advertises, maintains a visible business location, and is available to work in the relevant market beyond Palos Verdes Estates.

Fourth, an independent contractor may advertise, carry business cards, hang out a shingle, or hold a separate business license. Charles Abbott Associates advertises, carries their own business cards, has hung out a shingle, and holds a separate business license.

Fifth, a true Independent contractor is the master of his or her own time and works the days and hours he or she chooses. In fact, the contract employees of Charles Abbott Associates generally work the same hours as City employees, although there is nothing in the contract with Charles Abbott Associates that requires this schedule. This is an instance in which Charles Abbott Associates does not function as an independent contractor.

Sixth, independent contractors ordinarily work where they choose. The workplace may be away from the client's premises. Typically, Charles Abbott Associates work at City Hall. This is an instance in which Charles Abbott Associates does not function as an independent contractor.

Seventh, a true independent contractor is concerned only with the finished product and sets his or her own order or sequence of work. This is the case with

Charles Abbott Associates; the firm can set the order or sequence of work performed by the contract employees on behalf of Palos Verdes Estates.

4. THE TYPE OF RELATIONSHIP BETWEEN THE CITY AND CHARLES ABBOTT INDICATES THAT THE FIRM IS AN INDEPENDENT CONTRACTOR.

First, the City has a written contract with Charles Abbott Associates describing the relationship the parties intended to create. This is a factor that indicates that Charles Abbott Associates is an independent contractor.

Second, an Independent contractor is usually not required to submit regular oral or written reports about the work in progress. The contract with Charles Abbott Associates does not require the submittal of regular oral or written reports about the work in progress, but the firm does in fact submit a monthly report regarding workload. This is an instance in which Charles Abbott Associates does not function as an independent contractor.

Third, an independent contractor is usually hired to do one job of limited or indefinite duration and has no expectation of continuing work. This is the case with Charles Abbott Associates. In fact, the contract (Section 15) states clearly that “*City reserves the right to terminate this Agreement, in whole or in part, without cause, at any time, provided Consultant shall be given not less than ninety (90) days prior written notice. City may also terminate this Agreement, in whole or in part, for cause on not less than fifteen (15) days prior written notice.*” If Palos Verdes Estates engaged a worker of Charles Abbott Associates with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered

evidence that your intent was to create an employer-employee relationship. This is not the case with Palos Verdes Estates.

Fourth, an independent contractor's services are usually separate from the City's business and are not integrated or merged into it. In fact, the services provided by Charles Abbott Associates are integrated or merged into the services provided by the City. This is an instance in which Charles Abbott Associates does not function as an independent contractor.

Fifth, an independent contractor is normally paid by the job, either a negotiated flat rate or upon submission of a bid. This is the instance with Charles Abbott Associates; it is paid based upon a negotiated rate with the City based upon the submission of terms contained in the contract.

Sixth, independent contractors normally pay all of their own business and travel expenses without reimbursement. In fact, there are no provisions in the contract with Charles Abbott Associates that provides for reimbursement of business and travel expenses.

Seventh, an independent contractor ordinarily provides all of the tools and equipment necessary to complete the job. Charles Abbott Associates provides the automated permit information system used by the City, the personal computers used by their contract employees, etc.

Eighth, independent contractors usually have a substantial financial investment in their independent business. This is clearly the case with Charles Abbott Associates. It was incorporated in 1984. It has grown to a full-time staff of over 100 employees.

Ninth, an independent contractor can either realize a profit or suffer a loss depending on the management of expenses and revenues. This is clearly the case with Charles Abbott Associates. It can either realize a profit or suffer a loss.

Tenth, if the work meets the contract terms, an independent contractor cannot be fired without liability for breach of contract. In fact, the City *“reserves the right to terminate this Agreement, in whole or in part, without cause, at any time, provided Consultant shall be given not less than ninety (90) days prior written notice. City may also terminate this Agreement, in whole or in part, for cause on not less than fifteen (15) days prior written notice.”* However, the contract further states *“if this Agreement is terminated for any reason other than default of Consultant, City agrees to compensate Consultant for the actual services performed....”*

Eleventh, an independent contractor is legally responsible for job completion and, on quitting, becomes liable for breach of contract. The contract with Charles Abbott Associates states *“if, for any reason, the Consultant is unable or not willing to perform the services specified in this Agreement, Consultant may terminate this Agreement provided, however, Consultant has given City not less than ninety (90) days prior written notice thereof.”* However, the contract further states that *“in the event, City or Consultant terminates this Agreement; the Consultant shall provide transition services as may be directed by the City Manager.”*

* * * * *

In considering these twenty factors, it is important to recognize that some factors may indicate that a worker is an employee, while other factors indicate that the worker is an independent contractor. There is no “magic” or set number of factors that “makes”

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the worker an employee or an independent contractor, and no one factor stands alone making this determination. The key is to look at the entire relationship. The Matrix Consulting Group, in looking at the entire relationship, concludes that Charles Abbott Associates is an independent contractor.

Exhibit 6 (1)

Common Law Rules Regarding Independent Contractors

<p>1. Instructions</p> <p>An Employee receives instructions about when, where and how the work is to be performed. <i>An Independent Contractor does the job his or her own way with few, if any, instructions as to the details or methods of the work from the City</i></p>	<p>11. Oral or Written Reports</p> <p>An Employee may be required to submit regular oral or written reports about the work in progress. <i>An Independent Contractor is usually not required to submit regular oral or written reports about the work in progress.</i></p>
<p>2. Training</p> <p>Employees are often trained by a more experienced employee or are required to attend meetings or take training courses. <i>An Independent Contractor uses his or her own methods and thus need not receive training from the purchaser of those services.</i></p>	<p>12. Payment by Hour, Week or Month</p> <p>An Employee is typically paid by the employer in regular amounts at stated intervals, such as by the hour or week. <i>An Independent Contractor is normally paid by the job, either a negotiated flat rate or upon submission of a bid.</i></p>
<p>3. Integration</p> <p>Services of an Employee are usually merged into the firm's overall operation; the firm's success depends on those Employee services. <i>An Independent Contractor's services are usually separate from the client's business and are not integrated or merged into it.</i></p>	<p>13. Payment of Business and Travel Expense</p> <p>An Employee's business and travel expenses are either paid directly or reimbursed by the employer. <i>Independent Contractors normally pay all of their own business and travel expenses without reimbursement.</i></p>
<p>4. Services Rendered Personally</p> <p>An Employee's services must be rendered personally; Employees do not hire their own substitutes or delegate work to them. <i>A true Independent Contractor is able to assign another to do the job in his or her place and need not perform services personally.</i></p>	<p>14. Furnishing Tools and Equipment</p> <p>Employees are furnished all necessary tools, materials, and equipment by their employer. <i>An Independent Contractor ordinarily provides all of the tools and equipment necessary to complete the job.</i></p>
<p>5. Hiring, Supervising, and Paying Helpers</p> <p>An Employee may act as a foreman for the employer but, if so, helpers are paid with the employer's funds. <i>Independent Contractors select, hire, pay, and supervise any helpers used and are responsible for the results of the helpers' labor.</i></p>	<p>15. Significant Investment</p> <p>An Employee generally has little or no investment in the business. Instead, an Employee is economically dependent on the employer. <i>True Independent Contractors usually have a substantial financial investment in their independent business.</i></p>

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Exhibit 6 (2)

<p>6. Continuing Relationship</p> <p>An Employee often continues to work for the same employer month after month or year after year. <i>An Independent Contractor is usually hired to do one job of limited or indefinite duration and has no expectation of continuing work.</i></p>	<p>16. Realize Profit or Loss</p> <p>An Employee does not ordinarily realize a profit or loss in the business. Rather, Employees are paid for services rendered. <i>An Independent Contractor can either realize a profit or suffer a loss depending on the management of expenses and revenues</i></p>
<p>7. Set Hours of Work</p> <p>An Employee may work "on call" or during hours and days as set by the employer. <i>A true Independent Contractor is the master of his or her own time and works the days and hours he or she chooses.</i></p>	<p>17. Working for More Than One City at a Time</p> <p>An Employee ordinarily works for one employer at a time and may be prohibited from joining a competitor. <i>An Independent Contractor often works for more than one client or firm at the same time and is not subject to a noncompetition rule.</i></p>
<p>8. Full-Time Required</p> <p>An Employee ordinarily devotes full-time service to the employer, or the employer may have a priority on the Employee's time. <i>A true Independent Contractor cannot be required to devote full-time service to one firm exclusively.</i></p>	<p>18. Making Service Available to the Public</p> <p>An Employee does not make his or her services available to the public except through the employer's company. <i>An Independent Contractor may advertise, carry business cards, hang out a shingle, or hold a separate business license.</i></p>
<p>9. Location Where Services Performed</p> <p>Employment is indicated if the employer has the right to mandate where services are performed. <i>Independent Contractors ordinarily work where they choose. The workplace may be away from the client's premises.</i></p>	<p>19. Right to Discharge Without Liability</p> <p>An Employee can be discharged at any time without liability on the employer's part. <i>If the work meets the contract terms, an Independent Contractor cannot be fired without liability for breach of contract.</i></p>
<p>10. Order or Sequence Set</p> <p>An Employee performs services in the order or sequence set by the employer. This shows control by the employer. <i>A true Independent Contractor is concerned only with the finished product and sets his or her own order or sequence of work.</i></p>	<p>20. Right to Quit Without Liability</p> <p>An Employee may quit work at any time without liability on the Employee's part. <i>An Independent Contractor is legally responsible for job completion and, on quitting, becomes liable for breach of contract.</i></p>

6. ANALYSIS OF SERVICE DELIVERY OPTIONS

This chapter presents an analysis of service delivery options for Building and Safety, Planning, and Public Works Administration. The chapter includes the following:

- **A baseline comparison** - A comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services;
- **Job duties and salary ranges** - In developing an in-house configuration of personnel, defining the titles of positions, an outline of job duties and responsibilities, and suggested salary ranges; and
- **Recommendations.** Making recommendations, along with the rationale, for the ideal configuration of services ranging from retaining a private contract relationship for all services, to converting to 100% in-house personnel, to a hybrid arrangement involving some combination of the two.

The initial section of this chapter presents findings regarding outsourcing by local governments in the United States.

1. OUTSOURCING OF SERVICES IS A COMMON APPROACH USED FOR SERVICE DELIVERY BY LOCAL GOVERNMENTS.

Cities have a number of core goals, among them cost savings and operational efficiency in carrying out their functions and mandates. It is with these goals that City Councils and City Managers continue to consider the outsourcing model for many, but not all, public sector functions. Outsourcing – or the contracting out to a private sector provider – certain processes within the government is not a new concept for public managers. Governments have long been applying this practice to its various operational needs.

In the United States, outsourcing continues to grow at a rapid clip. The outsourcing of many local government services - from parking to prisons – have increased, particularly during the recent recession. For example:

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- **Parking:** An annual privatization report published by the *Reason Foundation* called parking privatization “hot,” citing major initiatives in New York, Pittsburgh, Sacramento, Memphis, and Harrisburg, Pennsylvania.
- **Zoos:** Zoo outsourcing is increasingly “standard,” with the *Reason Foundation* noting programs in Los Angeles, Tulsa, North Carolina, Michigan, Indiana, and elsewhere.
- **Information technology:** The *Practitioners Guide to Outsourcing* cited financial management systems and payroll systems as commonly outsourced by municipalities.
- **Solid Waste Collection and Disposal:** This is often outsourced not only because of the capital costs required, but also because of the environmental regulations and risks involved.
- **Tree Maintenance:** This public works function is also considered high risk, using “limited purpose capital assets” like loaders, chippers, and grinders.
- **Waste and Wastewater:** This function is often outsourced to other governments or a public authority, which helps spread capital costs across a larger customer based.
- **Ambulance Services:** Outsourcing to highly skilled emergency medical services firms is increasingly common, and even fire and police forces are now being combined among local governments.
- **Legal Services:** Most municipalities already outsource complex litigation and labor law issues, as well as negotiations with cable and telecommunications firms. But some municipalities outsource all legal services.
- **Towing and Vehicle Storage:** Small cities and towns may simply lack the volume to do this in house; large cities may want to shed liability and compliance risk.

The City of Austin, Texas recently completed an analysis of insourcing City services that were currently outsourced. The City found that “of the 37 contracts analyzed, only 2 would provide a cost savings to the City were the services entailed by the contracts to be brought in-house.” The analysis further noted that “in the aggregate, transitioning to in-house provision of the services encompassed by the 37 analyzed contracts would require an additional \$169 million over a five-year period and 687.5 full-

time equivalent positions. For reasons of cost-effectiveness, concerns about facility limitations, and other considerations, staff recommends continuing to outsource the services provided for by 36 of the contracts.”¹¹

Outsourcing is not a panacea. Poorly managed outsourcing of governmental services have resulted in the cancellation of contracts, such as the recently cancelled information technology contract by the State of Texas, for example.

However, effectively managed outsourcing can and has resulted in significantly reduced costs and enhanced service levels. In general, contractors operate under fewer bureaucratic and regulatory constraints than state and local governments, are less likely to be bound by inflexible and costly labor agreements, have more flexibility to terminate employees for poor performance, and are less restricted by procurement regulations and operational procedures that inhibit the delivery of cost effective services. There are numerous success stories for outsourcing ranging from Atlanta, Georgia to Richmond, Virginia to Charlotte, North Carolina to Indianapolis, Indiana to Sunnyvale, California to Dallas, Texas to Palos Verdes Estates, California. When implemented correctly, outsourcing has the potential to produce savings of 10% to 30%.¹²

2. OTHER CITIES IN CALIFORNIA CONTRACT FOR SERVICES INCLUDING THE USE OF ON-SITE (AT CITY HALL) CONTRACT EMPLOYEES.

It is not uncommon for other cities in California to outsource their services, including the use of on-site (City Hall) contract employees. Examples of these cities are presented below.

- City of Poway (1981-present)

¹¹ City of Austin, Texas, Recommendations on Resolution No. 20120405-054, October 2012,

¹² Elliott Sclar, The Privatization of Public Services: The Lessons from Case Studies, Economic Policy Institute, 2004

- City of Santee (1981-present)
- City of Lemon Grove (1986-present)
- City of Encinitas (1987-present)
- City of Solana Beach (1987-present)
- City of Del Mar (2004-present)
- National City (2008-present)
- City of Coronado (2009-present)

In each of these cities, an independent contractor provides on-site staffing for these cities Building and Safety Divisions. These cities are not served by Charles Abbott Associates.

3. JOB DUTIES AND SALARY RANGES WERE DEVELOPED FOR IN-HOUSE SERVICE DELIVERY OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES.

As a first step, the Matrix Consulting Group developed job duties and salary ranges for each of the positions that would be required for in-house service delivery of Building and Safety, Planning, and Public Works Administration services.

The salary ranges and total compensation for positions that would be required for in-house service delivery of Building and Safety, Planning, and Public Works Administration services are presented in the table below. These are based upon the compensation survey conducted by the Matrix Consulting Group, and include the costs of fringe benefits. The table includes those positions that were largely full-time during fiscal year 2011-12 as reflected in Table 6 in Chapter 2 of this report.

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Table 18 – Total Compensation Required for Positions Needed for In-House Service Delivery of Building and Safety, Planning, and Public Works Administration Services

Classification	Salary		Fringe Benefits		Total Compensation	
	Bottom Step	Top Step	Bottom Step	Top Step	Bottom Step	Top Step
City Forester / Arborist	\$48,420	\$74,316	\$16,172	\$24,822	\$64,592	\$99,138
Building Inspector / Public Works Inspector	\$58,547	\$74,617	\$19,555	\$24,922	\$78,102	\$99,539
Associate Civil Engineer	\$74,546	\$95,169	\$24,898	\$31,786	\$99,444	\$126,955
Senior Planner	\$78,936	\$98,712	\$26,365	\$32,970	\$105,301	\$131,682
Chief Building Official	\$90,481	\$134,798	\$29,144	\$43,418	\$119,625	\$178,217
Public Works Director	\$109,473	\$148,996	\$35,261	\$47,992	\$144,734	\$196,988

An outline of the job duties and responsibilities for each of these positions are presented below.

- City Forester / Arborist** - Under the supervision of the Public Works Director, plans, develops, implements and supervises a City-wide urban forestry program including tree planting, pruning, removal, pest management and tree preservation activities; coordinates urban forestry related activities with other divisions, departments, and outside agencies or groups; supervises, coordinates, and organizes a comprehensive urban forest management program, including short and long-term strategic planning of urban forestry activities, and inspection and monitoring of the urban forest areas for needed maintenance; makes technical assessments of tree conditions in relation to City's liability, health and maintenance requirements, and maintains an accurate urban forest inventory; establishes schedules and methods for the planting, maintenance, and removal of City trees; manages tree maintenance contractors.
- Building Inspector / Public Works Inspector** – Under the supervision of the Chief Building Official, inspects the construction and occupancy of new or existing structures including properties for compliance with one or more of the City's building codes, approving completed work, obtaining code compliance of violations, writing reports and advising builders and property owners on code and permit requirements. Performs inspections of capital improvement projects to ensure adherence to plans, specifications and contracts. Conducts inspections of permits issued by the City for work performed in the City's right-of-way (e.g., utility cuts) to ensure performance with the permit's conditions of approval. Manages the execution of small projects, to include but not limited to preparing and maintaining construction contract documents, conducting construction meetings, processing payments, and contract closeout. Is International Code Council certified as a Residential Inspector and as a Commercial Inspector.

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- **Associate Civil Engineer** - Under direction of the Public Works Director, completes civil engineering designs for capital improvement projects including roads, storm drainage systems, right of way, and miscellaneous designs related to transportation engineering; manages capital projects; supervises the conduct of traffic flow studies and determines traffic control device placement and street design criteria; assures the effective maintenance of all City traffic control devices, controls placement and maintenance. Is registered as a P.E.
- **Senior Planner** - Under the direction of the City Manager, performs professional level planning activities for the City which may include subdivision review, site plan review, neighborhood compatibility review, land use statistical research, planning ordinance development, long-range land use and transportation planning, and serves as staff to Boards and Commissions, as needed by the City.
- **Chief Building Official** - Under direction of the Public Works Director, supervises, directs, and participates in the activities of the Building and Safety division; acts as City authority on interpretation and enforcement of all building codes applying the policy directives of the Mayor and City Council; inspects the construction and occupancy of new or existing structures including properties for compliance with one or more of the City's building codes, approving completed work, obtaining code compliance of violations, writing reports and advising builders and property owners on code and permit requirements; plan checks and approves residential and commercial remodels, additions, new and accessory structure plans. Is International Code Council certified as a Chief Building Official.
- **Public Works Director** - Under the direction of the City Manager, manages all facets of operations, budget and personnel within the Public Works Department; develops, implements, and monitors all projects within transportation, engineering, streets, wastewater and stormwater collection systems, fleet and capital improvements. Develops and implements long-range asset management plans for streets, wastewater and stormwater collection systems, parks, fleet, etc. Supervises capital improvement design and approvals. Manages department related budgets and prepares budget proposals. Supervises capital project budgeting and costing. Supervises department staff; assists in hiring, training, motivating, disciplining, evaluating and terminating employees. Is registered as a P.E.

As noted previously, some of the existing contract employees employed by Charles Abbott Associates are not engaged full-time for the City of Palos Verdes Estates. For example, the contract structural plan check engineer only charged 437 hours to the City in fiscal year 2011-12. The City would not employ a full-time structural

plan check engineer since existing workload does not merit such work hours. The same situation applies to the Environmental Engineer retained for NPDES.

However, in other instances, the City would require full-time City employees with an insourced or in-house service delivery option including instances in which Charles Abbott Associates employees work on an almost full-time basis: the Project Manager (Public Works / Planning Director) and the City Forester. These two contract employees currently work an average of 28 to 30 hours per week. It would be extremely unlikely that the City would be able to find qualified candidates for these two positions that would be willing to work 3.5 to 4 workdays each week (based upon an 8-hour workday).

4. THREE ALTERNATIVES WERE DEVELOPED THAT COMPARED THE COSTS OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES.

The City's Request for Proposals required the consultant to develop a comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services. This was the first analytical step completed by the Matrix Consulting Group.

The City's Request for Proposals also required the consultant to make recommendations, along with the rationale, for the ideal configuration of services that ranges from retaining a contract for all services, converting to 100% in-house personnel, or a hybrid arrangement involving some combination of the two.

The Matrix Consulting Group analyzed the advantages and disadvantages of each of these three alternatives. However, regardless of the alternative selected, the City should issue a Request for Proposals for the services that it wishes to continue to provide by contract.

Recommendation #4: If the City decides to provide some or all of its Building and Safety, Planning, and Public Works Administration services by contract, the City should issue a Request for Proposals for those services.

5. THE BASELINE COMPARISON (IN-HOUSE SERVICE DELIVERY ALTERNATIVE) INDICATES THAT THE CITY COULD POTENTIALLY HAVE DELIVERED THE SAME SERVICES AS CHARLES ABBOTT ASSOCIATES FOR \$90,907 OR 8.3% LESS IN FISCAL YEAR 2011-12.

To develop the baseline comparison (a comparison of the cost of the services presently delivered by Charles Abbott Associates to the costs of the same services as if City employees delivered the services), the Matrix Consulting Group developed a “pro forma” budget for the in-house service delivery option for Building and Safety, Planning, and Public Works Administration services (see the exhibit at the end of this chapter). This represents the in-house service delivery alternative. Important points to note regarding the “pro forma” budget are presented below.

- **The in-house service delivery option would require the addition of six positions to the City: a Public Works Director, a Senior Planner, a Chief Building Official, an Associate Civil Engineer, a Building / Public Works Inspector, and a City Forester / Arborist.** The addition of these positions is based upon the hours charged by Charles Abbott Associates in fiscal year 2011-12. These six positions were full-time or nearly full-time as reflected in Table 6 in Chapter 2 of this report. The total cost of these positions, if these were City employees, amounts to an estimated \$832,500 annually at the top step of the range. The top of the salary range was utilized since data provided by Palos Verdes Estates indicates that employees of the City have a long tenure with the City.
- **The in-house service delivery option would continue to require contractors for workload that does not demand full-time employees on a year-round basis.** Examples include the Senior Engineer responsible for structural building permit plan checking, the Environmental Engineer responsible for NPDES, etc. A total of 80% of the “on call” hours charged to the City in fiscal year 2011-12 were for permit fee-related services, 17% for other services (e.g., NPDES), and 3% for capital improvement projects. The total cost for these “on call” services would amount to an estimated \$85,700 on an annual basis.

- **The in-house service delivery option would require leave (e.g., vacation, sick, holiday) and training backup or redundancy for building inspection, building permit plan checking, and for land use planning staff employed by the City.** Building inspection, building permit plan check, and land use planning services are not something that can wait from a general contractor's, residents, or businesses perspective until staff returns from vacation, sick leave, training, etc. These services would require contractual backup or redundancy, amounting to a total of 484 hours annually at an estimated annual cost of \$43,100. The need for this type of backup is evident: the City would employ only one Senior Planner, and the building inspection and plan check workload could not be handled by only one position.
- **The in-house service delivery option would incur service and supply costs of approximately \$19,600 annually.** These ongoing annual operating costs pertain to telephone, vehicle maintenance and replacement changes, printing and binding costs, training, membership and dues, etc.
- **The in-house service delivery option would incur information technology costs of \$30,000 annually for a "hosted" automated permit information system.** At the present time, the City uses a system provided by Charles Abbott Associates. The City would need to acquire its own automated permit information system. The estimated annual cost of the "hosted" automated permit information system is estimated at \$30,000.
- **The City would incur startup costs for the transition from outsourced to insourced service delivery.** Start-up costs are necessary one-time charges associated with staff and asset procurement that would be incurred by the City to transition to the insourced or in-house service delivery option. These costs are usually assessed in the first year. Assets include new vehicles for the Public Works / Building Inspector, Chief Building Official, and the City Forester, and personal computers and cell phones for all of the new City employees. The estimated one-time asset cost would approximate \$70,000. Transition costs would involve the retention of Charles Abbott Associates for a three-month period to train and orient the new City employees, at an estimated cost of \$275,000. The total estimated transition cost would approximate \$345,000.

Altogether, the ongoing annual cost of the in-house service delivery option would amount to an estimated \$1,010,900 annually. This compares to the total billed to the City by Charles Abbott Associates in fiscal year 2011-12 of \$1,101,807. The in-house service delivery option is \$90,907 less than the Charles Abbott Associates costs in fiscal year 2011-12 or 8.3% less. However, given the transition costs, the City would need

almost four (4) years to recoup the costs of the transition from outsourced to insourced service delivery. In addition, the City's costs are likely to increase over the next several years in comparison to contractors as a result of further CalPERS cost increases.

There are a number of advantages and disadvantages with this option – the baseline comparison / in-house service delivery alternative. These pros and cons are presented in the exhibit following this page.

6. THE TOTAL CONTRACT ALTERNATIVE WOULD INCREASE THE ANNUAL COSTS INCURRED BY THE CITY OF PALOS VERDE ESTATES.

The City already contracts for Building and Safety, Planning, and Public Works Administration services. All that remains that could be outsourced would be the Permit Technicians and the Code Enforcement Officer.

Outsourcing these positions would increase the City's annual costs by approximately 30%. The Matrix Consulting Group does not recommend that additional positions be outsourced. The City should continue to employ the Permit Technicians and the Code Enforcement Officer as City employees.

7. THE CITY IS ALREADY UTILIZING A HYBRID ALTERNATIVE FOR SERVICE DELIVERY, BUT COULD CONSIDER ALTERNATIVES IN THE MIX OF CONTRACT AND CITY EMPLOYEES.

The City already employs the hybrid service delivery alternative for Building and Safety, Planning, and Public Works Administration services. There are seven and one-half (7.5) City employees utilized in the delivery of these services. The City is purchasing the equivalent of six (6) full-time equivalent positions from Charles Abbott Associates (based on charged hours in fiscal year 2011-12).

Exhibit 7 (1)

Pros and Cons of the Baseline Comparison (In-House Service Delivery Option)

Advantages	Disadvantages
<ul style="list-style-type: none"> • The cost to the City would have been \$90,907 less than the Charles Abbott Associates costs in fiscal year 2011-12 or 8.3% less. • The City would have greater depth in terms of its managerial talent with an in-house Public Works Director. • Effective contract management can require continued diligence; insourcing these services would reduce the extent of diligence required for the contract (although that would be offset by the diligence required for insourced services). • The City would insource core competencies – land use planning, building inspection, and building permit plan checking. • Outsourcing is not a panacea for all cost and performance problems. In many cases, it can be an inappropriate option for certain city services and carries with it a great deal of risk, which, unmitigated, can produce catastrophic results. There are several instances in which the risk of contractor failure will outweigh the potential benefits from outsourcing. • City employees could potentially have a greater knowledge of the City itself and local issues. 	<ul style="list-style-type: none"> • The City is effectively using a hybrid approach for service delivery of Building and Safety, Planning, and Public Works Administration services to reduce the costs associated with contracting with Charles Abbott Associates. • The City, in the opinion of the Matrix Consulting Group, may be hard pressed to attract the necessary talent for positions that are presently outsourced given its small size (population and employees) and the limited scope of its operations. • Many other cities of comparable population and income employ more positions than does Palos Verdes Estates for the delivery of Building and Safety, Planning, and Public Works Administration services. For example, the Matrix Consulting Group documented the number of professional planners in cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000. <u>Not one of these cities employed only one (1) professional planner position</u>, as does Palos Verdes Estates. On average, these cities employed 3.8 professional planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. Palos Verdes Estates already has a lean organizational and staffing structure for the delivery of Building and Safety, Planning, and Public Works Administration services. • The termination of City employees is much more difficult than contract employees. • Over the next five years, the cost differences between the City and Charles Abbott Associates will be reduced as the City's costs for CalPERS continue to increase. • Many of the contract employees provided by Charles Abbott Associates, if employed by the City, would represent a single point of failure. The City would not have any redundancy e.g., Senior Planner.

Exhibit 7 (2)

Advantages	Disadvantages
	<ul style="list-style-type: none">• The levels of service delivered by Charles Abbott Associates are, on the whole, good in comparison to other cities. Insourcing these services may present new challenges to the City in terms of maintaining these good levels of service.• It is not possible for the City to insource all of the services delivered by Charles Abbott Associates; in many instances, there is insufficient workload e.g., structural plan checking.• Cities should never outsource functions where there is not sufficient private sector expertise and experience. That is not the case with land use planning, building permit plan checking, and building inspection: there is sufficient private sector expertise.• The knowledge-base for land use planning, building permit plan checking, and building inspection will be far greater with a contractor such as Charles Abbott Associates than the City of Palos Verdes Estates with only one Senior Planner, one Building Inspector, etc.

The City could, however, consider altering the mix of in-house and contract employees. These alternatives are presented below.

- **The City could hire its own Public Works Director.** This is not uncommon. Other cities similarly employ Public Works Directors including Hermosa Beach, Malibu, Rancho Palos Verdes, La Canada Flintridge, and South Pasadena, but not San Marino or Rolling Hills Estates. The City could employ a Public Works Director as do these other cities. This would not be a cost saving alternative, however. The cost to the City, in fiscal year 2011-12, for the Project Supervisor / Public Works Director for Charles Abbott Associates was \$203,293, for a total of 1,575 hours. The cost of a Public Works Director to the City, in terms of salary and fringe benefits, would be approximately \$197,000 at top step. However, the Project Supervisor / Public Works Director for Charles Abbott Associates also possesses certification from the *American Planning Association* (this is an unusual qualification for a Public Works Director); this enables him to provide leave coverage for the Senior Planner, at no additional expense. If the City were to provide leave coverage for the Senior Planner, since its own Public Works Director would not likely have this qualification, the City would incur costs of approximately \$20,328 annually. There are other factors to consider in the decision regarding whether to convert this contract position to a City employee besides cost. These include enhancing the managerial depth of the City's workforce, adding a core competency to the City's workforce, etc. The City has questioned whether it is typical to use a contract departmental director for Public Works. This clearly is not the norm in other comparable cities (Hermosa Beach, Malibu, Rancho Palos Verdes, La Canada Flintridge, and South Pasadena). However, here are challenges the City would face in attracting a Public Works Director to the City's workforce. In the opinion of the Matrix Consulting Group, the City may be hard pressed to attract the the necessary talent for a Public Works Director given its small size (population and employees) and the limited scope of its operations.
- **The City could hire its own Senior Planner.** This is not uncommon. Other comparable cities employ their own land use planning staff including South Pasadena, San Marino, La Canada Flintridge, Hermosa Beach, Rancho Palos Verdes, Malibu, and Rolling Hills Estates. The City could employ a Senior Planner as do these other cities. The cost to the City, in fiscal year 2011-12, for the Senior Planner for Charles Abbott Associates was \$174,293, for a total of 1,778 hours. The cost of a Senior Planner to the City, in terms of salary and fringe benefits, would be approximately \$132,000 at top step. However, it is important to note that the City only employs one (1) land use planning position at the present time (a contract employee of Charles Abbott Associates). Other cities cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000 employ a greater number of land use planners.

These cities employed, on average, 3.8 professional land use planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. If the City of Palos Verdes Estates chose to employ its own land use planner, the City would need to provide some redundancy for leave coverage and training. That cost would approximate \$20,328 annually. Cost savings could be generated by insourcing this position, but these savings are not significant. There are other factors to consider in the decision regarding whether to convert this contract position to a City employee besides cost. These include adding a core competency (land use planning) to the City's workforce, the potential of increased control over the time, resources and results, etc.

- **The City could hire its own Building Inspector.** This is not uncommon. Other cities employ their own building inspectors including San Marino, Hermosa Beach, Rancho Palos Verdes, and Malibu. However, not all of the comparable cities delivered building inspection services with in-house staff. South Pasadena, Rolling Hills Estates, and La Canada Flintridge deliver these services by contract, the same as Palos Verdes Estates. The City could employ a Building Inspector as do these other cities. The cost to the City, in fiscal year 2011-12, for the Senior Building Inspector for Charles Abbott Associates was \$178,600, for a total of 1,900 hours. The cost of a Building Inspector to the City, in terms of salary and fringe benefits, would be approximately \$99,500 at top step. There is a clear cost advantage in insourcing this position. However, the present inspection workload of the City requires more than one (1) building inspector, but less than two (2) building inspectors. Flexible staffing based upon workload is possible with contract employees, but not as possible with in-house staffing. In addition, those cities with insourced building inspection services typically employ more than just a building inspector. Hermosa Beach, Rancho Palos Verdes, and Malibu also employ a Chief Building Official given the complexities of the building codes and code interpretations.

The Matrix Consulting Group would not recommend insourcing other positions (e.g., City Forester) as the workload for these positions is insufficient to warrant full-time positions.

The decision to change the mix of in-house and contracted positions for Building and Safety, Planning, and Public Works Administration services is one that cannot rest on cost alone; however, there are not clear and distinct cost advantages with insourcing. Other factors must be considered as well, advantages and disadvantages,

as noted in the exhibit following this page. Many, not all, of these advantages and disadvantages are the same as noted in the previous exhibit.

Recommendation #5: The City should evaluate a number of factors, not limited to cost, and determine how it wishes to provide Building and Safety, Planning, and Public Works Administration services.

9. IF THE CITY CONTINUES WITH CONTRACT SERVICE DELIVERY, IT SHOULD ENHANCE THE USE OF EXISTING CITY EMPLOYEES IN THE DELIVERY OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES, IN SOME INSTANCES.

If the City continues with contract service delivery, the Matrix Consulting Group does recommends that the City modify the contractual and in-house work methods and levels of service for Building and Safety, Planning, and Public Works Administration, in some instances. The recommended changes in work methods and levels of service are presented below.

- **The City should seek requests for proposals for the design and construction inspection of capital projects, and continue to reduce the number of contract hours allocated for project management of capital projects.** The City has had to manage a number of significant capital improvement projects over the past ten years, relating to the City's wastewater and stormwater collection systems. Charles Abbott Associates has managed these projects by providing a full-time project manager: an Associate Civil Engineer. In fiscal year 2011-12, the Associate Civil Engineer charged 1,748 hours to Palos Verdes Estates, or an average of 33.62 hours per week. However, the master plans for the wastewater and stormwater collection systems have largely been completed as it pertains to capital improvement projects.

In fact, the City has already substantially decreased the extent of capital improvement project management hours provided by Charles Abbott Associates in fiscal year 2012-13, recognizing the decrease in this workload. Charles Abbott Associates assigned a Senior Engineer for the project management of capital improvement projects for the City's capital improvement program and delivery of the City's traffic engineering services. The contract Senior Engineer currently works 16 hours a week to fulfill both of these assignments.

Exhibit 8 (1)

Pros and Cons of the Hybrid Service Delivery Alternative

Advantages	Disadvantages
<ul style="list-style-type: none"> • The costs to the City may be greater than the present costs incurred for contracting depending on the alternatives selected. • The City could have greater depth in terms of its managerial talent with an in-house Public Works Director. • Effective contract management can require continued diligence; insourcing these services would reduce the extent of diligence required for the contract (although that would be offset by the diligence required for insourced services). • The City could insource core competencies – land use planning, building inspection, and building permit plan checking – depending on the alternatives selected. • The use of a hybrid service delivery option allows the City to ‘pick and choose’ what services it wants to deliver with in-house employees versus contract. • Outsourcing is not a panacea for all cost and performance problems. In many cases, it can be an inappropriate option for certain city services and carries with it a great deal of risk, which, unmitigated, can produce catastrophic results. There are several instances in which the risk of contractor failure will outweigh the potential benefits from outsourcing. • Many cities find that the hybrid service delivery model offers the best combination of cost optimization and service responsiveness. • Enables the City to obtain the expertise and specialized knowledge from a contractor that it may not be able to obtain itself through in-house employees. • City employees could potentially have a greater knowledge of the City itself and local issues. 	<ul style="list-style-type: none"> • The City is already effectively using a hybrid approach for service delivery of Building and Safety, Planning, and Public Works Administration services to reduce the costs associated with contracting with Charles Abbott Associates. • The City, in the opinion of the Matrix Consulting Group, may be hard pressed to attract the necessary talent for positions that are presently outsourced given its small size (population and employees) and the limited scope of its operations. • Many other cities of comparable population and income employ more positions than does Palos Verdes Estates for the delivery of Building and Safety, Planning, and Public Works Administration services. For example, the Matrix Consulting Group documented the number of professional planners in cities with a comparable population as Palos Verdes Estates (75% to 125% of the population) and whose median income exceeded \$100,000. <u>Not one of these cities employed only one (1) professional planner position</u>, as does Palos Verdes Estates. On average, these cities employed 3.8 professional planners. These cities included Piedmont, Malibu, San Marino, Mill Valley, Moraga, and Clayton. Palos Verdes Estates already has a lean organizational and staffing structure for the delivery of Building and Safety, Planning, and Public Works Administration services. • The termination of City employees is much more difficult than contract employees. • Over the next five years, the cost differences between the City and Charles Abbott Associates will be reduced as the City’s costs for CalPERS continue to increase. • Many of the contract employees provided by Charles Abbott Associates, if employed by the City, would represent a single point of failure. The City would not have any redundancy e.g., Senior Planner.

Exhibit 8 (2)

Pros	Cons
	<ul style="list-style-type: none">• The levels of service delivered by Charles Abbott Associates are, on the whole, good in comparison to other cities. Insourcing these services may present new challenges to the City in terms of maintaining these good levels of service.• It is not possible for the City to insource all of the services delivered by Charles Abbott Associates; in many instances, there is insufficient workload e.g., structural plan checking.• Cities should never outsource functions where there is not sufficient private sector expertise and experience. That is not the case with land use planning, building permit plan checking, and building inspection: there is sufficient private sector expertise.• There can be risks associated by eliminating the use of one contractor responsible for the delivery of land use planning, building permit plan checking, and building inspection. It could confuse who is accountable for what. There is no such confusion at the present. The current approach is a total integrated solution.• The knowledge-base for land use planning, building permit plan checking, and building inspection will be far greater with a contractor such as Charles Abbott Associates than the City of Palos Verdes Estates with only one Senior Planner, one Building Inspector, etc.

The Matrix Consulting Group does not believe that a full-time Associate Civil Engineer is warranted for the project management of capital improvement projects for the City's capital improvement program, at the present time. An estimated 8 hours per week should be sufficient for project management of the City's minor capital improvement projects over the period of a year, or 416 hours annually. This change should be integrated into the City's contract for delivery of Building and Safety, Planning, and Public Works Administration services.

In addition, the City should separately seek proposals for the design and construction inspection of capital projects, separate from the contract for Building and Safety, Planning, and Public Works Administration services.

- **The City of Palos Verdes Estates should modify its approach to permit plan checking and inspection service delivery.** The contract with Charles Abbott Associates results in the provision of two (2) nearly full-time positions for permit plan checking, building inspection, public works inspection, and serving permit applicants at the City Hall. The Senior Building Inspector allocates 100% of his time to building permit plan checking, building inspection, and serving permit applicants at the City's permit center at City Hall. The Public Works Construction / Building Inspector allocated 34% of his work hours in fiscal year 2011-12 to public works construction / permitting and 66% to building inspection. The City should take a number of steps to enhance the cost effective use of its existing City employees to reduce the costs associated with these two contract positions. The steps are presented below.
 - The responsibility for field inspection of traffic control for encroachment / right-of-way permits should be assigned to the City's Maintenance Foreman and four (4) Maintenance Workers.
 - The City should expand the responsibilities of its Permit Technicians (who are City employees). The Permit Technicians should be assigned responsibility for issuance of public works permits (e.g., encroachment permits); the provision of utility information to and conduct of research for residents, contractors, and utility companies; the issuance of wide load and heavy load permits; the provision of public works information and answers to public works questions to permit applicants at the permit counter.
 - The City should transition the responsibility for plan checking of minor building permit plans to the City's Permit Technicians. The role of the Senior Building Inspector will unavoidably involve some amount of time spent in the office, either serving permit applicants at the permit counter or plan checking. The City's Permit Technicians can mitigate the need for some of the office hours by the Senior Building Inspector to an extent.

Over an eighteen-week period from January 4 to May 13, 2013, the Senior Building Inspector plan checked thirty (30) building permit plans or approximately 1.7 plans per week. Approximately six (6) of these plans (or 20%) could have been plan checked by the City's Permit Technicians. This will require training and certification as Permit Technicians from the *International Code Council* and guidance by Charles Abbott Associates. Over time, the Permit Technicians should play a stronger role at the permit counter than present as paraprofessionals. That is an appropriate role for a Permit Technician.

Recommendation #9: The City should expand the responsibilities of its Permit Technicians to include plan checking of minor building permit plans.

With these modifications, the City should seek to modify the contract for Building and Safety, Planning, and Public Works Administration service delivery so that, after the reallocation of roles and responsibilities to the Permit Technicians, the amount of contract building inspectors is reduced from two (2) positions to approximately one and one-half (1.5) positions. In addition, the inspection workload in winter months should enable the reduction of building inspection staff to one (1) position, generally the winter months such as December, January, and February. The estimated annual cost savings would amount to approximately \$41,000. It will take approximately one-year and training / certification of the Permit Technicians to complete this transition, but the City should seek to maximize its investment in its existing City employees.

- **The City should reduce the number of weekly work hours for the City Forester to 16 hours per week.** The City Forester, a contract employee, is responsible for supervising the City's urban forestry program including the trimming, thinning, and inspection of trees; supervising the tree trimming, landscape maintenance, and fire safety / weed abatement contracts; acting as liaison to the Parklands Committee; inspecting and approving / denying tree removal requests; providing public information and guidance on any tree or landscape issues; designing City landscapes, and entrances; supervising parkland and trails, including maintenance and upkeep; etc. The City Forester is the equivalent of a 0.70 employee in terms of hours charged to the City in 2011-12. The City Forester charged 1,453 hours in fiscal year 2011-12. This is the equivalent of 121 hours per month or 30.3 hours per week. Many of the responsibilities of the City Forester have nothing to do with the management of the City's urban forest. These include supervising the landscape maintenance, fire safety and weed abatement contracts, and the maintenance of the City's parkland and trails. These responsibilities should be assigned to the City's Maintenance Foreman. The designing of the City landscapes and entrances, as required, should be accomplished by a contract with a Registered Landscape Architect resulting from the issuance of request for proposals. The Matrix

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Consulting Group recommends that the number of work hours for the City Forester be reduced to 16 hours per week. The estimated annual cost savings would amount to approximately \$62,000.

- **The City's half-time (0.5) Mechanic position should be eliminated.** This position is vacant at the present time. While the position has been vacant, the City's Maintenance Foreman has utilized cost-effective methods for maintenance of the City's fleet including the use of a vehicle maintenance contractor located in Palos Verdes Estates, the use of a Maintenance Worker to shuttle City vehicles to the local vehicle maintenance contractor, etc. The City's Maintenance Foreman should be commended for developing and implementing these cost-effective methods. The City should continue to use this local vehicle maintenance contractor for maintenance of the City's vehicles. The half-time (0.5) Mechanic position (a City position) should be eliminated in the fiscal year 2013-14 budget. In addition, a firm in Orange County is maintaining the City's police motorcycles, and City Maintenance Workers are shuttling the police motorcycles back and forth, resulting in the loss of a half-day for one of the City's Maintenance Workers. The City should seek to identify and contract with a contractor in closer proximity to Palos Verdes Estates for maintenance of police motorcycles or require the contractor to shuttle the motorcycles to and from City Hall.

Overall, if the City continues with contract service delivery, the City should change the number of recommended mix of City employees and contract staff for delivery of Building and Safety, Planning, and Public Works Administration services as noted in the table below.

City Employees	Full-Time Equivalent	Contract Employees	Full-Time Equivalent
Maintenance Foreman	1.00	Public Works / Planning Director	0.75
Maintenance Worker	4.00	Associate Engineer - Planning	0.85
Code Enforcement Officer	0.50	Senior Building Inspector	0.91
Permit Technician	1.50	Building Inspector	0.45
		City Forester	0.40
		Senior Engineer - Traffic & CIP	0.40
		Senior Engineer - Structural	0.20
		Senior Engineer - NPDES	0.08
TOTAL EMPLOYEES	7.00		4.04

This is 0.5 less City employees than present, and almost two (2) less contract employees than present. However, the number of contract employees denoted in the

table should be viewed with caution. First, the Senior Engineer - Structural and Senior Engineer – NPDES are “on-call” positions, and the hours charged to Palos Verdes Estates will increase or decrease based upon the permit workload and NPDES regulatory requirements. Secondly, it will require effort and calendar time on the part of the City to train its employees and to transition work to these employees from Charles Abbott Associates, as recommended within this report. Thirdly, the design and construction inspection of the City’s capital improvement projects are recommended for outsourcing to a different contractor than the contractor providing Building and Safety, Planning, and Public Works Administration services; those hours are not reflected in the preceding table.

10. THE MATRIX CONSULTING GROUP DID CONSIDER THE ADDITION OF OTHER POSITIONS FOR THE DELIVERY OF BUILDING AND SAFETY, PLANNING, AND PUBLIC WORKS ADMINISTRATION SERVICES.

One of the questions posed by the City was whether the Matrix Consulting Group considered the addition of other positions for the delivery of Building and Safety, Planning, and Public Works Administration such as a Management Analyst or contract administrator. The Matrix Consulting Group did consider other positions.

For example, a contract administrator for the Building and Safety, Planning, and Public Works Administration services contract is clearly not warranted. The current contract amounts to a little over \$1.1 million. The Matrix Consulting Group uses a benchmark of 1.5% for contract administration costs. This benchmark indicates that the contract administration costs should approximate \$16,500. This is clearly insufficient to warrant a full-time contract administrator.

Exhibit 9

**Pro Forma Budget for the In-House
Service Delivery Option**

1. Cost of Additional In-House Staff (Annual Cost of Salary and Fringe Benefits)	
City Forester / Arborist	\$99,138
Building Inspector / Public Works Inspector	\$99,539
Associate Civil Engineer	\$126,955
Senior Planner	\$131,682
Chief Building Official	\$178,217
Public Works Director	\$196,988
Sub-Total	\$832,519
2. Cost of Contractors	
Structural Plan Check Engineer, NPDES Engineering, Traffic Engineer etc.	\$85,675
Sub-Total	\$85,675
3. Cost Of Leave Coverage / Employee Backup	
Building Inspector	\$22,748
Senior Planner	\$20,328
Sub-Total	\$43,076
4. Cost of Supplies	
\$3,200 per employee for 6 new City employees	\$19,600
Sub-Total	\$19,600
5. Cost of "Hosted" Automated Permit Information System	
"Hosted" Automated Permit Information System	\$30,000
Sub-Total	\$30,000
TOTAL	\$1,010,870

6. CONTENT OF THE CONTRACT

This chapter presents an analysis of the content of the contract for delivery of Building and Safety, Planning, and Public Works Administration services. This chapter provides recommendations on how best to structure the contract.

The City of Palos Verdes Estates outsources a significant proportion of its services. As a consequence, the effectiveness of the management of contracts is critical. This means not only the structuring of the contract, but also the management of contractual services after the execution of the contract.

1. A NUMBER OF FACTORS SHOULD BE CONSIDERED IN THE DEVELOPMENT OF AN EFFECTIVE SERVICE CONTRACT.

Service agreements executed by local governments serve three primary functions:

- Communicate the expectations of both of the parties to the agreement;
- Provide a method for contract governance and problem resolution; and
- Provide the metrics to clarify expected performance and methodologies for monitoring results.

Effective and well-written service agreements can enhance governance, accountability, and service quality by clearly defining roles, responsibilities, processes, and performance expectations.

Key elements of a an effective and well-written service relationship typically includes:

- **Scope:** Identification of the services covered by the relationship and expressed in terms of functions, processes, activities, or services.
- **Roles and responsibilities in service delivery:** Questions of "Who does what?", "Who decides what?", and "Who answers for results?".

- **Services to be delivered:** This section of the contract should cover all of the day-to-day activities related to the contractor's delivery of service, including methods for problem resolution.
- **Finances:** The contract needs to provide a sound financial basis for a multi-year service contract, and minimize the administrative burden of the contract.
- **Performance:** The contract should identify the outputs and outcomes the City expects to achieve from the arrangement. For example, the timeliness of building permit plan checking, the timeliness of the processing of Neighborhood Compatibility permits, the percentage of building inspection requests that are fulfilled on the next working day, etc.

Each of these elements of well-written service contract will be addressed in the following sections of the chapter.

2. THE SERVICE CONTRACT SHOULD DEFINE THE SCOPE OF SERVICES TO BE DELIVERED.

To maintain a positive relationship, it is critical that the parties have a clear understanding of scope so that the extent of work involved and respective obligations are clearly understood. This applies to all elements of service delivery including building inspection, building permit plan checking, land use planning including current and long-range planning, urban forestry management, public works administration, etc.

The elements of the scope within the City's contract should include those noted below.

- **Purpose Statement.** The City's contract should clearly articulate the purpose of the contract and associated service delivery to ensure that the City and the contractor agree on what they expect to achieve from the service contract and to provide a consistent reference point for managing the relationship. An example of a possible purpose statement is presented below.
 - **Service.** Contract staff working for the City shall be service oriented, courteous, and reliable. The residents of Palos Verdes Estates must receive personalized service by staff that understands their needs, while representing the City.

- Professionalism. The contract staff serving the City shall not only possess the technical skills and certifications necessary to serve the residents of Palos Verdes Estates, but also the interpersonal skills that tie technical know-how to practical service.
- Accountability. The contractor shall be accountable for the timeliness, quality, and responsiveness of the contractual services. The levels of service provided shall meet the workload demand and the priorities of the City, shall be clearly defined, and the contractor will report on an ongoing basis the levels of service being delivered in comparison to metrics contained in the contract.
- Responsiveness. The City shall be served by contractor's staff that work effectively with City staff, that respond with flexibility to the needs and priorities of the City, and that deal effectively with the public.
- Objectivity. The contractor shall provide service only to governmental agencies to eliminate conflicts of interest.
- **Key Principles.** The City's contract should clearly articulate the principles that support the relationship between the City and the contractor. The principles can include statements about commitments to particular business practices such as transparency and openness. Two examples of possible principle statements are presented below.
 - Effective public counter services
 - The public counter is a very important aspect of building and safety services. The contractor shall be dedicated to assuring that not less than 80% of building permits are issued "over the counter." This shall include all single trade permits.
 - Timely and efficient delivery of services is a high priority for serving the residents of Palos Verdes Estates.
 - The contractor shall provide "Electronic Plan Check" services. The contractor shall work with the city to develop, market and enhance this service.
 - The public counter represents the "front line" where residents evaluate City staff. The contractor shall understand that attitude, philosophy and experience dictate the effectiveness of the contract staff serving the City.
 - The contractor's staff assigned to the City shall made up of qualified staff, qualified in planning / zoning; public works management; engineering design, construction inspection /

- management, and project management; landscape and urban forestry contract management.
- The contractor shall demonstrate a commitment to provide high quality services with minimal delay, and in compliance with the City's policies and procedures.
- Effective Local Involvement
 - The contractor shall work to have an active involvement in the Palos Verdes Estates community.
 - The contractor shall be sensitive to the Chamber of Commerce, Building Industry Association, Homeowner Association's, citizen's groups and other social organizations.
 - The contractor shall understand the sensitive nature of this undertaking and sustain the excellent service reputation the City has established for service delivery.
 - The contractor shall be actively involved in the community by supporting local functions and participating in community activities.
- **Services and activities.** The scope of services should identify, in general, the services, functions, processes, activities, or projects that are subject to the contract. A detailed description of the service or activity should be included later in the contract.

The objective of defining the scope in the contract is to clearly identify the purposes and principles for the delivery of the services so that expectations are clear.

Recommendation #6: The contract for Building and Safety, Planning, and Public Works Administration should provide a clear understanding of the scope so that the extent of work involved and respective obligations are clearly understood. This should include a purpose statement, key principles, and a general definition of scope and activities.

3. THE SERVICE CONTRACT SHOULD DEFINE THE ROLES AND RESPONSIBILITIES OF THE CONTRACTOR.

Defining the roles and responsibilities of the contractor plays an integral role in developing, implementing, and managing a successful contract relationship. In developing good roles and responsibility statements, it is helpful to focus on three key questions:

- **Who decides what?** Decision-making is at the heart of defining roles and responsibilities. This includes authority and advice (to the City's management and supervisory team, the City Manager, and City Council) in decision-making.
- **Who does what?** To be effective, roles and responsibilities should define outcomes important to key stakeholders – in this case, the City and the City's residents.
- **Who answers for results?** Accountability is defining the responsibility for performance in light of agreed expectations and service levels

For example, the roles and responsibilities of the contract Senior Building Inspector could include the following:

- Establish, update, and implement formal written office policies and procedures;
- Develop and implement proper inspection and plan check forms in accordance with state laws and sound office procedures;
- Interface with City department managers, supervisors and others within the City organization involved in the building inspection and plan check process;
- Coordinate with the City Attorney in code updates and adoption in a timely manner;
- Provide and supervise the processing and plan checking of building permit plans to ensure compliance with approved codes;
- Provide and supervise building inspection services to insure compliance with approved plans and codes;
- Provide same working day inspections for all building inspection requests received before 6:00 a.m.; and
- Provide at a maximum 10 workday turnaround for new single family building permit plan checks, and 5 workdays for all other types of plan checks, with a one-week (5 workday) turnaround for all rechecks.

This section of the contract should also clearly identify the decision-making authority of the contractor's staff. The City should clearly specify the delegation of

authority that will apply to transactions processed by the contractor including specific signing or decision-making authorities.

Recommendation #7: The roles and responsibilities of the contractor's Building and Safety, Planning, and Public Works Administration staff should be clearly defined in the contract.

4. THE CONTRACT SHOULD DEFINE THE SERVICES TO BE DELIVERED BY THE CONTRACTOR IN DETAIL.

This section of the contract should identify the services, functions, processes, activities, or projects that are subject to the agreement. An example of that level of detail for building permit plan checking is provided below.

- The building permit plan check services for the City will include issuance of building permits, plan check of building permit plans and specifications, and responding to public inquiries. This service shall include the following:
 - The contractor shall provide on-site plans reviews, during normal City Hall hours, to ensure compliance with the California codes as amended by the State and the City;
 - The contractor will partner with the City in the development and implementation of an electronic building permit plan check service;
 - The contractor's staff will plan check, track, and issue building permits for all building related projects in the City;
 - The contractor shall coordinate all permit requirements with the other City and county departments as required;
 - The contractor's staff shall meet with citizens, developers, architects, and engineers at City Hall or in the field, as the need dictates, to resolve questions and ensure building permit plan check processing in a timely and efficient manner;
 - The contractor shall coordinate Certificate of Use / Occupancy processing and permit issuance;
 - The contractor shall respond to citizen inquiries, complaints, and requests for public records related to the proposed services;

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- The contractor shall coordinate, update, and implement a standard procedures manual for building permit plan checking;
- The contractor shall provide detailed monthly and annual reports of its activities to the City on accountability report forms approved by the City including financial, operational, level of service, and statistical information pertinent to the services provided;
- The contractor shall cooperate with the Los Angeles County Assessor's office to provide statistical and related information required for the efficient assessment of new building projects;
- The contractor shall attend all City Council meetings, Commission meetings, and Committee meetings as required or as requested;
- The contractor shall create a standard plan checklist for the City to ensure consistency in building permit plan review; and
- The contractor shall develop and provide application guide handouts for the public to help in the plan check process that identify all of the requirements necessary to achieve a complete submittal.

The objective of the defining the services to be delivered by the contractor in detail is to clearly identify the level of effort involved. In particular, clarity in defining services is important to reduce the risk of disputes.

Recommendation #8: The contract for delivery of Building and Safety, Planning, and Public Works Administration services should clearly define the services to be provided by the contractor, in detail.

5. THE CONTRACT SHOULD DEFINE THE LEVELS OF SERVICE TO BE PROVIDED BY THE CONTRACTOR.

The success of any service contract can be determined by its performance against metrics defined in the contract. Performance, in terms of a service agreement, identifies outputs and outcomes that the City should expect from the arrangement. Together, outputs and outcomes demonstrate how well the service arrangement has

achieved its objectives. The collection of performance information is critical to ensuring responsive service delivery.

The City's contract should include requirements regarding the level of service as defined below.

- **Metrics.** Specific service level metrics should be established in the contract. Depending on the nature of the service involved, metrics may be expressed in terms of response times, service levels, outputs, outcomes, or qualitative benefits realized. An example of a metric would be the provision of same working day inspections for all building inspection requests received before 6:00 a.m., a maximum 10 work-day turnaround for new single family building permit plan checks, and 5 work-days for all other types of plan checks, with a 5 work-day turnaround for all rechecks.
- **Performance measurement and reporting.** The performance measurement and reporting regime for the contract should be structured to ensure the information available to the City Manager is meaningful and timely. The City Manager should receive monthly performance measurement reports regarding actual performance in comparison to metrics contained in the contract.
- **Identifying responsibility and processes for monitoring metrics.** The contract Public Works Director (project supervisor) should be identified as responsible for monitoring the performance of the contract staff in comparison to metrics contained in the contract, together with reporting to the City Manager regarding actual performance in comparison to metrics and follow-up.
- **Consequences:** The contract should identify the specific consequences of non-performance, such as not achieving a metric. The consequences, how they are to be calculated, and the process for allocating these consequences to the contractor should be clearly spelled out in contract.

Research and experience indicate that establishing and monitoring metrics and monitoring actual performance against these metrics are two of the most valuable activities an organization can undertake to promote service excellence.

Recommendation #9: The contract for delivery of Building and Safety, Planning, and Public Works Administration services should clearly define performance metrics and performance reporting responsibilities of the contractor.

6. THE CITY SHOULD UTILIZE DIFFERENT CONTRACT COMPENSATION APPROACHES FOR THE DIFFERENT SERVICES DELIVERED BY THE CONTRACTOR.

The City is procuring a range of services that should have distinctly different approaches to compensation of the contractor.

Fee-related services (building, planning, and engineering) should be based upon a % of the fees collected. This is the same approach used by the City under the present contract.

The compensation should be tied directly to the workload associated with the fee-related plan check and inspection services, with actual labor hours and staffing increased or decreased by the contractor based on workload and specific service levels established in the contract. The costs to the City for fee-related services should not exceed the fee-related revenues, and the cost of fee-related services should be recovered from the fee structure established by the City. This will require the cooperation of the City in establishing a fee structure that enables this cost recovery.

There are other services that will be provided by the contractor that are not fee-related. These include such services as the City Forester, and the Senior Engineer for traffic engineering. These services should be based upon hourly rates proposed by the contractor and upon the number of contract hours the City wishes to buy for each of these non-fee related services, with a not-to-exceed amount. For example, how many weekly hours does the City wish to buy for a City Forester? The contract should contain provisions for annual increases in these hourly rates based upon the proposal received by the contractor.

Recommendation #10: The compensation by the City to the contractor for fee-related services (building, planning, and engineering) should be based upon a % of the fees collected. The costs to the City for fee-related services should not exceed the fee-related revenues, and the cost of fee-related services should be recovered from the fee structure established by the City.

Recommendation #11: The compensation by the City to the contractor for non-fee related services should be based upon hourly rates proposed by the contractor and upon the number of contract hours the City wishes to buy for each of these non-fee related services with a not-to-exceed amount. The contract should contain provisions for annual increases in these hourly rates based upon the proposal received by the contractor.

7. THE PUBLIC WORKS DIRECTOR SHOULD PREPARE A PLAN TO ADDRESS THE OPPORTUNITIES FOR IMPROVEMENT IDENTIFIED IN THE BEST PRACTICES ASSESSMENT.

As part of the analysis of the service delivery options for Building and Safety, Planning, and Public Works Administration, the Matrix Consulting Group identified a number of strengths in service delivery and opportunities for improvement in a best practices assessment. The assessment is presented in the exhibit following this page.

The Public Works Director should prepare a plan to address the opportunities for improvement contained in the assessment along with the responsibilities for implementation of these opportunities for improvement and a planned schedule for implementation.

Recommendation #12: The Public Works Director should prepare a plan to address the opportunities for improvement contained in the best practices assessment along with the responsibilities for implementation of these opportunities for improvement and a planned schedule for implementation.

BEST PRACTICES ASSESSMENT

1. Urban Forestry

Best Management Practice	Strengths	Opportunities for Improvement
1. An urban forestry policy has been adopted by the City Council that identifies the purpose, goals, and values of the urban forest, guidelines, standards, and recommended practices for the maintenance of the urban forest.	A street tree ordinance has been adopted (Chapter 12.16 of the Municipal Code).	The ordinance does not address heritage trees. The City has not adopted a policy regarding the urban forest that addresses such issues as urban forest records and information; education and outreach; partnerships with non-profits; planting priorities and species selection; tree planting program; canopy coverage; etc. Overall, an ordinance should be part of a comprehensive urban forest management plan. That is lacking in Palos Verdes Estates.
2. A tree ordinance has been adopted.	A street tree ordinance has been adopted. (Chapter 12.16 of the Municipal Code).	The ordinance does not address heritage trees.
3. A street and park tree inventory exists including location, species, size, etc.	A street and park tree inventory exists.	The street and park tree inventory has not been updated since originally developed, and is contained in four different Microsoft Excel spreadsheets.
4. A street and park tree planting plan has been developed with numerical objectives of the number of trees to be planted annually, the locations the trees are to be planted, etc.		A street and park tree planting plan has not been developed.
5. A user-friendly computerized maintenance management database system has been deployed and is utilized to record tree maintenance activities.	Tree maintenance activities are tracked in Microsoft Word.	A user-friendly computerized maintenance management system has not been deployed and utilized to record tree maintenance activities.
6. Standards have been established for tree maintenance e.g., thinning and raising.	International Society of Arboriculture standards are specified in the tree maintenance contract.	

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Best Management Practice	Strengths	Opportunities for Improvement
7. The thinning and raising cycle for street and park trees approximates 5 to 7 years.	There are an <u>estimated</u> 10,000 street and park trees in the urban forest. An <u>estimated</u> 2,000 are trimmed by contract on an annual basis. That would approximate a 5-year cycle.	
8. The thinning and raising of street and park trees is accomplished on a block-by-block basis (or a park-by-park basis) so that each street and park tree in a specific geographic area receives maintenance attention, if necessary.	The thinning and raising of street and park trees is accomplished on a block-by-block basis when the same species of trees exist.	The thinning and raising of street and park trees is not accomplished on a block-by-block basis (or a park-by-park basis) when the same species of trees do <u>not</u> exist.
9. A cost-effective strategy has been deployed for the maintenance of the City's urban forest.	The City has outsourced the maintenance of the City's urban forest.	

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2. Park Maintenance

Best Management Practice	Strengths	Opportunities for Improvement
10. An inventory exists for the City's parks and medians (e.g., square footage of turf, shrubs, groundcover, sidewalks, etc.); irrigation systems e.g., controllers, backflow devices, linear feet of pipe, etc.).		A park inventory does not exist for the City's parks and medians (e.g., square footage of turf, shrubs, groundcover, sidewalks, etc.); irrigation systems e.g., controllers, backflow devices, linear feet of pipe, etc.).
11. Reliable quantitative rating information is generated on an annual basis regarding the condition of the City's parks and medians through condition assessments.	Quantitative rating information is generated of the City's parks and medians through condition assessments as part of the City's methodology for contract management.	
12. A citywide park and median master plan exists that includes strategies for system preservation, operating efficiency (reduction of irrigation through computer-controller systems), etc.		A citywide park and median master plan does not exist.
13. A capital improvement program budget has been adopted for the City's parks and medians to implement the citywide park and median master plan.		A citywide park and median master plan does not exist. The City has not developed and adopted a 5-year capital improvement program budget.
14. Levels of service for the maintenance of the City's parks and medians have been formally defined (e.g., the frequency with which maintenance tasks are to be performed).	Levels of service for the maintenance of the City's parks and medians have been formally defined in the specifications for the contract maintenance of the City's parks and medians.	
15. A user-friendly computerized maintenance management database system has been deployed and is utilized to record park and median maintenance activities.		A user-friendly computerized maintenance management database system has not been deployed and utilized for use by the contractor to define maintenance performed.
16. The City's parks and medians are in good condition.	A limited inspection of the parks and medians by the Matrix Consulting Group indicates that the parks and medians are in good condition.	

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Best Management Practice	Strengths	Opportunities for Improvement
17. A cost-effective strategy has been deployed for the maintenance of the City's parks	The City has outsourced the maintenance of the City's parks.	

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3. Street Maintenance

Best Management Practice	Strengths	Opportunities for Improvement
18. An inventory exists for the City's street system.	An inventory exists for the City's street system. The inventory information was updated as part of the City's pavement management program update in 2011. An inventory of the City's street signs has been developed, and is recorded in a Microsoft Excel spreadsheet.	An inventory of the City's street striping and pavement markings does not exist.
19. Reliable quantitative rating information is generated on 3-year cycle regarding the condition of the City's street system through condition assessments.	A quantitative evaluation of the City's street system was generated in March 2011. The data collected was collected and entered into the APWA MicroPAVER pavement management software.	
20. A citywide street master plan exists that includes strategies for system preservation, operating efficiency, etc.	A formal pavement management program was developed in March 2011 by Harris and Associates.	
21. The City's street system is in good condition.	The quantitative evaluation of the City's street system in March 2011 indicated that City's street system rated an 85 out of a possible 100. This is at the upper end of "very good" condition scale identified by the evaluation of the City's street system.	
22. The City is using an effective mix of preventive maintenance to preserve its investment in its street system.	The City is using a mix of asphalt overlays and latex-modified (rubber) Type II slurry seal.	
23. A user-friendly computerized maintenance management database system has been deployed and is utilized to record street maintenance activities.	APWA MicroPAVER pavement management software has been utilized to record the condition of the City's street system.	A user-friendly computerized maintenance management database system has not been deployed and utilized to record ongoing maintenance (e.g., pothole patching) by contractors.

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Best Management Practice	Strengths	Opportunities for Improvement
<p>24. A sidewalk inspection and condition assessment program is in place that includes a systematic inspection of the City's sidewalks once every three to five years to identify and remedy tripping hazards, install temporary patches of tripping hazards, and grinding to remedy minor tripping hazards.</p>	<p>A sidewalk inspection and condition assessment program is in place. In fact, the inspection is used as the basis for sidewalk grinding.</p>	
<p>25. A cost-effective strategy has been deployed for the maintenance of the City's streets</p>	<p>The City has outsourced the maintenance of the City's streets including seal coats and overlay.</p>	

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4. Wastewater And Stormwater Collection System Maintenance

Best Management Practice	Strengths	Opportunities for Improvement
26. An inventory exists for the City's stormwater and wastewater collection systems.	An inventory exists for the City's stormwater and wastewater collection systems. The inventory information was updated as part of the City's master plans that were developed for the stormwater and wastewater collection systems.	
27. The City has conducted a video inspection of the stormwater collection and the wastewater collection systems.	In 2005 and 2006, the City conducted a video inspection of all of the wastewater collection system to check their structural integrity and to ensure that no one has illegally connected to the storm drain system.	Only an estimated 20% of the stormwater collection systems have been video inspected.
28. The City has developed a master plan for the City's stormwater collection and wastewater collection systems that includes strategies for system preservation, operating efficiency, etc.	A master plan was developed for the City's stormwater and wastewater collection systems and a utility user tax (stormwater) and sewer user fee were utilized to address opportunities to improve the collection systems.	
29. The City uses effective methodologies for NPDES permit compliance.	<p>The City cleans all City-owned storm drain catch basins not less than twice per year and on a complaint basis.</p> <p>The City has adopted a Stormwater Pollution Prevention Ordinance.</p> <p>The City inspects approximately 70 businesses annually for compliance with the City's Stormwater Pollution Prevention Ordinance.</p> <p>The City has scheduled street sweeping of all residential and commercial streets including City owned and/or operated parking lots.</p>	

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Best Management Practice	Strengths	Opportunities for Improvement
30. A cost-effective strategy has been deployed for the maintenance of the stormwater and wastewater collection systems.	The City has outsourced the maintenance of the City's stormwater collection system. Los Angeles County is responsible for the maintenance of the stormwater collection system.	

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5. Permit Center

Best Management Practice	Strengths	Opportunities for Improvement
31. A one-stop shop or Permit Center exists at City Hall for submittal of permit applications.	A one-stop shop or Permit Center exists for submittal of permit applications.	
32. The one-stop shop is open during lunch and open five days a week.	The one-stop shop is open during lunch and open five days a week for the same hours that City Hall is open.	
33. The Permit Center provides sufficient space for receiving and serving customers and includes sit-down counters, computers for application preparation and review of zoning materials, building materials, maps (general plan/zoning), application handouts and forms, accommodations for the disabled (ADA), convenient restrooms etc.	The Permit Center provides sufficient space for receiving and serving customers. The Permit Center has application handouts and forms, accommodations for the disabled (ADA), etc.	The Permit Center does not have computers for application preparation and review of zoning materials, building materials, maps (general plan/zoning), and sit-down counters.
34. The Permit Center provides adequate parking for customers.	The Permit Center provides adequate parking for customers.	
35. Experienced planners, building plans examiners, and permit technicians trained in customer service are assigned to the coverage of the counter in the Permit Center.	Experienced planners, building plans examiners, and permit technicians trained in customer service are assigned to the coverage of the counter in the Permit Center.	
36. The full-time Permit Technician that provides counter services are ICC certified as building technicians.	The City's full-time Permit Technician is ICC certified.	
37. The application guides include all of the city's requirements for an applicant to achieve a complete submittal.	The Planning application guides include all of the City's requirements for an applicant to achieve a complete submittal. Building and Safety application guides have also been developed.	The Building and Safety application guides do not include all of the City's requirements for an applicant to achieve a complete submittal.

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6. Permitting Information Technology

Best Management Practice	Strengths	Opportunities for Improvement
38. The divisions and departments that participate in the planning and the building permit process utilize an automated permit information system to		
<ul style="list-style-type: none"> Accept and issue permits; 	FileMaker Pro is utilized to accept and issue permits.	
<ul style="list-style-type: none"> Assure the status of each permit submittal is visible during the permit review process; 	FileMaker Pro is utilized to assure that the status of each permit submittal is visible during the permit review process	
<ul style="list-style-type: none"> Manage the processing time for permits; 	FileMaker Pro is utilized to manage the processing time for permits	
<ul style="list-style-type: none"> Provide a database of permit conditions and corrections; 		FileMaker Pro is not utilized to provide a database of conditions and corrections
<ul style="list-style-type: none"> Enable all of the divisions involved in the permit process to enter and retrieve data regarding events for each permit, narrative regarding those permits, and the dates for those permit events (e.g., 1st plan check); and 	FileMaker Pro is used to enter and retrieve data regarding permit events.	
<ul style="list-style-type: none"> Facilitate customer service by enabling customers to submit permit applications. 		FileMaker Pro is not utilized to facilitate customer service through access to the internet to enable customers to submit permit applications on-line s.
39. The automated permit information system enables pre-defined permit workflow and project tracking that automatically routes plans and permits to staff without requiring human intervention. Work is automatically routed via the network to the electronic in-box of each staff that needs to review a permit.		FileMaker Pro does not enable pre-defined permit workflow and project tracking that automatically routes plans and permits to staff without requiring human intervention

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Best Management Practice	Strengths	Opportunities for Improvement
40. The automated permit information system generates usable project management reports		FileMaker Pro has not been utilized in Palos Verdes Estates to generate usable project management reports (e.g., the cycle time for the processing of permits)
41. The automated permit information system has the capability of notifying applicants by e-mail of changes in the status of their application.		FileMaker Pro does not have the capability of notifying applicants by e-mail of changes in the status of their application
42. The automated permit information system enables document imaging for permit applications that is integrated with the automated permit information system.		FileMaker Pro does not have the capability of document imaging for permit applications.
43. A fully integrated permit web site has been developed for any permit applicant to obtain any permit issued by the City.		A fully integrated permit web site has not been developed for any permit applicant to obtain any permit issued by the City (e.g., building and safety, planning, engineering).
44. The automated permit information system has the capacity for electronic plan checking of building permit plans.		FileMaker Pro has not been utilized in Palos Verdes Estates for electronic plan checking.
45. The automated permit information system enables tracking of permits on-line, provides access to the e-permitting information system, the ability to submit e-permit applications for simple permits, and the ability to use credit cards over the Internet		FileMaker Pro does not enable tracking of permits on-line, provides access to the e-permitting information system, the ability to submit e-permit applications for simple permits, and the ability to use credit cards over the Internet

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7. Land Use Planning

Best Management Practice	Strengths	Opportunities for Improvement
46. The general plan, zoning ordinance, and subdivision ordinance are available on-line.	The general plan, zoning ordinance, and subdivision ordinance are available on-line.	
47. The planning permit costs of the City are recovered through fees.		The planning permit costs of the City are not recovered through fees. The FY 2011-12 estimated expenditures for the Planning Division were a little more than \$400,000. The revenue for FY 2011-12 for miscellaneous planning fees was \$35,000 and \$44,000 for Neighborhood Compatibility Reviews.
48. Zoning ordinance interpretations are memorialized in an up-to-date, easy to use on-line manual.		Zoning ordinance interpretations are not memorialized in the zoning ordinance
49. Authority for approval of minor permits has been delegated to staff.	Some minor applications that are reviewed by staff include Miscellaneous structures up to 8 ft. in height, Minor Modifications, Site Plan Reviews, Neighborhood Compatibility Exemptions, Lot Line Adjustments, and Sign Plan Reviews	All of the Neighborhood Compatibility permits require the approval of the Planning Commission.
50. The Planning Division utilizes a case management system to manage the length of calendar time required for processing of current planning permits. The system includes:		
<ul style="list-style-type: none"> Cycle time objectives have been set for the length of time for completion of processing of discretionary and administrative permits; 	The <u>median</u> processing time for planning permits amounts to 49 calendar days.	Cycle time objectives have not been set. The <u>average</u> processing time for planning permits amounts to 67 calendar days.
<ul style="list-style-type: none"> Actual processing time is collected using the automated permitting system to enable a comparison to these cycle time objectives; 	Actual processing time is collected using FileMaker Pro	

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Best Management Practice	Strengths	Opportunities for Improvement
<ul style="list-style-type: none"> The Senior Planner acts as the single point of contact for the permit applicant. 	The Senior Planner acts as the single point of contact for the permit applicant.	
51. The Planning Division has adopted and published a schedule that identifies that if an application is submitted by a pre-scheduled and specific date, that it will be scheduled for an initial hearing by a specific date.	The Planning Division has adopted and published a schedule that identifies that if an application is submitted by a pre-scheduled and specific date, that it will be scheduled for an initial hearing by a specific date.	
52. The applicant is informed of the cycle time objectives for action on an application when application is submitted.	The applicant is informed of the cycle time objectives for action on an application when application is submitted.	
53. An up-to-date zoning ordinance is available that is easy for staff to interpret and understand, includes an index to make sections of the ordinance easy to locate, and is consistent with the general plan.	The zoning ordinance is up-to-date, having been updated recently.	
54. A monthly report is generated for the City Manager regarding actual permit processing performance against the cycle time objectives		A monthly report is not generated for the City Manager reporting actual permit processing performance against the cycle time objectives
55. The conditions of approval utilized by all of the divisions and departments in the review of planning permits are documented in an on-line library of conditions.		The conditions of approval utilized by all of the divisions and departments in the review of planning permits are not documented in an on-line library of conditions
56. The City's General Plan is up to date and current.		The general plan is not up-to-date.
57. The General Plan is complete and contains all the elements required by the State.	The General Plan is complete and contains all the elements required by the State	

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8. Building And Safety

Best Management Practice	Strengths	Opportunities for Improvement
58. The Building and Safety Division utilizes the latest edition of the Commercial and Residential Building Codes.	The Building and Safety Division utilizes the latest edition of the Commercial and Residential Building Codes.	The City does not participate in the Los Angeles Regional Uniform Code Program.
59. Plan checking and inspection staff hold appropriate professional certification.	The Senior Building Inspector holds appropriate professional certifications.	
60. Inspection requests are responded to within one workday of the request.	Inspection requests are typically responded to within one workday of the request.	
61. Inspection requests are accepted until 7:00 a.m. of the day inspections are to be completed.	Requests are taken up until 10 am if inspectors have capacity	
62. An automated voice-activated inspection request system is utilized to receive inspections with linkage to the automated permit information system.		An automated voice-activated inspection request system is not utilized to receive inspections with linkage to the automated permit information system.
63. Combination inspectors are utilized to respond to inspection requests.	Combination inspectors are utilized to respond to inspection requests.	
64. Inspectors allocate 85% to 90% of their available work hours to conducting building inspections in the field.		The Senior Building Inspector allocates approximately 50% of his available work hours to the office serving permit applicants at the counter, returning phone calls to contractors, plan checking, etc.
65. Over-the-counter plan check service is provided five days a week for the entire workday.		The Senior Building Inspector is available for over-the-counter plan checking approximately 2 hours a day - from 8 am to 10 am.
66. 75% to 85% of all of the building permits are plan checked over-the-counter.	Single trade permits are issued over the counter by the Permit Technicians.	

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Best Management Practice	Strengths	Opportunities for Improvement
67. 5% to 10% of the building permits are issued on-line using the Internet. This applies to permits such as re-roofs, water heater and furnace replacements, etc.		5% to 10% of the building permits are not issued on-line
68. Building permit plan checking is accomplished in parallel by all of the departments/divisions involved in the process. Plans are distributed simultaneously to all of the departments/divisions for plan checking.	Building permit plan checking is accomplished in parallel by all of the departments/divisions involved in the process	
69. The conditions of approval utilized by all of the divisions and departments in the review of building permit plans are documented in an on-line library of conditions.		The conditions of approval utilized by all of the divisions and departments in the review of building permit plans are not documented in an on-line library of conditions
69. Building permit plan check checklists are available on the Division's web site.	The checklists that have been developed are available on the Division's web site.	
70. The Building & Safety Division utilizes a case management system to manage the length of calendar time required for building permit plan checks. The system includes:		
– Cycle time objectives for the length of time for completion of plan checking;	Cycle time objectives for the length of time for completion of plan checking have been established.	
– Collection of actual processing time using the automated permitting system to enable a comparison to these targets; and		The Division does not collect actual processing time using FileMaker Pro to enable a comparison to these targets
– The Senior Building Inspector functions as the single point of contact for the permit applicant.	The Senior Building Inspector functions as the single point of contact for the permit applicant.	

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Best Management Practice	Strengths	Opportunities for Improvement
71. Actual cycle time for completion of the first or initial plan check meet the following targets:		
– Single family additions remodels: 14 calendar days for first plan check	Single-family additions / remodels –required a median of 10 calendar days to plan check based upon a sample of 10 weeks of plan check data.	
– Single Family Residence New: 21 calendar days for first plan check	Insufficient data	
72. A monthly report is generated for the City Manager regarding actual permit processing performance against the cycle time objectives		A monthly report is not generated for the City Manager reporting actual permit processing performance against the cycle time objectives
73. The Building and Safety Division recovers its costs including the cost of overhead and the costs of plan checking incurred by other departments/divisions involved in the plan check process.	The Building and Safety Division recovers its costs including the cost of overhead and the costs of plan checking incurred by other departments/divisions involved in the plan check process. The estimated FY 2011-12 expenditures for the Building and Safety Division were \$553,000. The estimated FY 2011-12 revenue for construction permits was \$465,000, re-issued permits was \$40,000, plan check fees was \$216,000, and geotechnical reviews was \$65,000.	

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9. Engineering

Best Management Practice	Strengths	Opportunities for Improvement
74. The City has adopted a 5-year capital improvement program.		The City has not adopted a 5-year capital improvement program.
75. The Engineering Division has a clear outsourcing strategy for design and construction inspection of capital projects.	The design and construction inspection of capital projects are outsourced.	
76. The Division has developed a desk manual for the design and construction inspection of capital projects.	A desk manual has been developed for the design and construction inspection of capital projects	The desk manual is incomplete and out-of-date.
77. A different project control system is utilized for small capital projects than large projects.	Small capital projects are bid throughout the year on an on-call basis e.g., digout and rebase of streets, pothole patching, curb and gutter repair, etc.	The process is still cumbersome since invitation for bids are issued frequently versus once every two to three years.
78. A project manager is assigned for each capital project.	A project manager is assigned for each capital project.	
79. A project manager is responsible for managing the capital project from cradle to grave.	A project manager is responsible for managing the capital project from cradle to grave.	
80. Standard design criteria have been established and are utilized for the design of capital projects.	APWA design criteria are utilized.	
81. There are clear, easy to read capital improvement project status reports provided to the City Manager on a quarterly basis.		Clear, easy to read capital improvement project status reports are not provided to the City Manager on a quarterly basis.
82. A project cost accounting system is utilized to track the costs of design, inspection, and project management of capital projects.	A project cost accounting system is utilized to track the costs of design, inspection, and project management of capital projects.	

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Best Management Practice	Strengths	Opportunities for Improvement
83. The Division ensures that the staff responsible for managing capital projects are competent to enable the effective management of design consultants and the construction inspection of capital projects.	The engineer assigned responsibility for managing the City's capital projects is registered as a P.E., T.E., and as a P.T.O.E, and has significant experience in managing complex and difficult capital projects.	
84. The Division conducts 30%, 60%, and 90% constructability reviews of the design of capital projects.	The Division conducts 30%, 60%, and 90% constructability reviews of the design of capital projects.	
85. The City's construction inspector and project manager conduct a final walk through of a capital project and develop a punch list of clean up items for the construction contractor.	The City's construction inspector and project manager conduct a final walk through of a capital project and develop a punch list of clean up items for the construction contractor.	
86. A pre-construction conference is conducted at the beginning of every capital project construction contract.	A pre-construction conference is conducted at the beginning of every capital project construction contract.	
87. The City's project manager checks and verifies the contractor's application for progress payments and change order requests, and makes a recommendation regarding the pay request to the Public Works Director.	The City's project manager checks and verifies the contractor's application for progress payments and change order requests, and makes a recommendation regarding the pay request to the Public Works Director.	
88. The City's death and injury collision rate (vehicle, motorcycle, and bicyclist) per 1,000 capita, collected by the State Office of Traffic Safety, is better than other comparable cities (population / income).	The City's death and injury collision rate (vehicle, motorcycle, and bicyclist) per 1,000 capita is better than other comparable cities (e.g., San Marino, Malibu, South Pasadena, Mill Valley, San Anselmo, La Canada Flintridge, Hermosa Beach, and Solana Beach).	

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- We prepare progress reports periodically throughout the study to report progress to date, problems or obstacles encountered, and planned project activities over the next several weeks.
- As we develop chapters for the report, we submit these chapters to the City's project manager and the Project Steering Committee in draft form for review and comment. This is an essential element in assuring the accuracy and completeness of our findings, conclusions, and recommendations.

Of course, this proposed approach to employee involvement, steering committee structure and role, and use of staff level review committees is subject to your approval.

2. WORK PLAN

The paragraphs, which follow, provide a description of the tasks the project team would complete in this assignment.

Task 1 Develop a Profile of Planning, Building and Public Works Administration.

The purpose of this task will be to develop a description of the planning, building, and public works administration including how services are delivered, staffed, managed, and the costs associated with the delivery of those services. The development of this detailed description will be based upon interviews with the City staff, and all of the CAA staff assigned to planning, building, and public works administration.

The project team would base this understanding the collection of the data portrayed in the paragraphs below.

- The current organization of the planning, building, and public works administration including:
 - The structure and functions of the plan of organization;
 - Staffing levels in planning, building, and public works administration including CAA;
 - The basic job responsibilities for management, supervisory and operational staff in these functions including the staff assigned to the program by CAA; and
 - The budgets for the current and prior fiscal year at a level of detail showing the authorized budget, including both costs and projected revenues, by source.

- Document all key programs and operations including:
 - Program scope and content;
 - How staff are scheduled and deployed;
 - Workload data;
 - Basic service levels; and
 - The extent of contracted services by type, size, cost, and methods utilized to administer and manage the contracts.
- Document management systems available to support operations, including:
 - Financial reporting and budgeting systems;
 - Organizational business processes and procedures;
 - Use and capabilities of any contract management systems;
 - Performance monitoring systems; and
 - Technology in use such as permit information systems, GIS, etc.

Once these initial data collection activities have been completed, the project team will prepare a summary descriptive profile that presents our understanding of the current organization, staffing, operations and costs of planning, building, and public works administration. This profile will be circulated among staff for comment to ensure the accuracy of our understanding. The profile would then be presented to the Project Steering Committee. Once completed and reviewed, the profile information will provide the basis for analysis conducted and completed in subsequent study tasks

Deliverable: The deliverable for this task would be a descriptive profile.

Task 2 Develop Planning Assumptions for the Delivery of Planning, Building, and Public Works Administration Services by City Staff.

To analyze alternatives to current service delivery by CAA, it will be necessary to define a set of planning assumptions. We will draw on the results of the profile and propose key planning assumptions in such as the following:

- The service functions that best lend themselves to insourcing versus contract (e.g., building inspection versus building permit plan checking);

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- The types of staffing assignments that are easy to recruit and retain talent in a municipal environment;
- The adequacy of existing service levels in a community with expectations such as Palos Verdes Estates;
- The utilization and scheduling of City staff;
- Compensation and benefit objectives for the City and the impact on insourcing these functions;

These planning assumptions will be prepared and proposed to and reviewed at a major progress meeting of project steering committee.

Deliverable: The deliverable for this task would be a descriptive profile.

Task 3 Develop Alternatives for Organizing and Operating Planning, Building, and Public Works Administration Services by City Staff.

The purpose of this task is to develop a detailed organizational, operating, and service delivery alternative for delivery of planning, building, and public works administration by City staff. Basic steps involved in completing this task would be as follows:

- Analyze service levels and workload demand;
- Based on the above, prepare alternative service and staff deployment plans, including job titles for the proposed City positions, based on these service levels and workload demand;
- Develop a detailed plan of service, administrative and support staffing;
- Then, based on the planning assumptions previously developed, construct proposed compensation plans for each alternative including salary ranges by position; estimated benefit costs for retirement plan contribution; and insurance and related costs;
- Apply the compensation plan to the plan of organization and calculate salary and benefit costs associated with each alternative;
- Apply the "fully allocated costs" as well as any one-time costs for facilities and/or equipment for these alternatives;
- Then, develop a detailed pro-forma annual operating budget for each identified alternative, and

- Compare to the current costs of CAA in providing the service.

Once these work steps have been completed, we would compare the alternatives costs of service delivery with the existing costs associated with CAA. These alternatives would include, at a minimum, in-house delivery of services, a mix of in-house and contract services, and the continued delivery of the existing set of services by CAA.

Deliverable: The deliverable for this task would be an analysis of the cost of the services that are presently delivered by CAA to the costs of these same services as if these services were delivered by City employees or a mix of in-house and contract employees.

Task 4 Evaluate Opportunities to Enhance the Structure the of the Contract With a Recommendation on Provisions for Periodic Adjustments to the Hourly Rates

This task is dependent upon whether a recommendation involves the retention of some or all contract services currently delivered by CAA, and entails the development of recommendations on how best to structure the contract including provisions for periodic adjustments to the hourly rates. In completing this task we would perform the steps noted below.

- Document the performance and service level provisions contained within the existing contract with CAA.
- Compare the existing contract, the performance and service level provisions contained within the the existing contract with CAA, and payment provisions with best practices for service contracts such areas as contract planning and governance, assignment of responsibility for contract management, contract administration, managing the contract relationship, managing contract performance, contract payments and incentives, and the balance of risk between the City and the contractor. Examples of these best practices are presented below.

Examples of best Practices for Managing Service Contracts
There is senior executive support and oversight of the management of service contract management, and a plan for the management of each individual service contract. to ensure a focus across the organization on delivering value for money from service contracts.
The manager of the service contract has the right experience and skills, access to appropriate training and ideally are part of a contract manager community within their organization to support the sharing of good practice. Contract management is viewed as a core training discipline.
Formal written processes have been established for for managing the service contract including documentation that identifies when key decision / trigger points should be made (for example, notice periods) to underpin all other service contract management activities.
There is contract clarity in roles and responsibilities for management of the service contract.

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Examples of best Practices for Managing Service Contracts

Performance measures have been included in the service contract that are aligned to the business and service level requirements of the organization, and which are updated regularly, to manage supplier performance. Regular feedback is provided to suppliers on their performance.

There is a structured service contract supplier relationship management program that drives performance improvements.

- Contact other cities that use service contractors for the delivery of planning, building, and public works administration services, obtain copies of their contracts, and compare their contract provisions with those utilized by Palos Verdes Estates.
- Develop recommendations regarding how to best structure the service contract based upon the comparison of the contract for CAA with best practices for service contract management, comparisons with the contract provisions in other cities that use service contractors for the delivery of planning, building, and public works administration services, and the unique needs of Palos Verdes Estates.
- Develop provisions for periodic adjustments to the hourly rates.

Based upon this analysis, we would develop recommendations on how best to structure the contract for delivery planning, building, and public works administration services including provisions for periodic adjustments to the hourly rates.

Deliverable: The deliverable for this task would be recommendations on how best to structure the contract for delivery planning, building, and public works administration services including provisions for periodic adjustments to the hourly rates.

Task 5 Prepare a Draft and Final Report and Provide Plans for Implementing Recommendations.

Once the work tasks noted above have been completed, our findings, conclusions, and recommendations will be documented in the form of a plan for service delivery of planning, building, and public works administration services. This plan will consist of:

- Executive summary of all key findings and recommendations;
- Detailed analysis of alternative;
- Detailed recommendations including cost and savings or cost avoidance impacts of implementation; and
- Detailed plans for implementing all recommended changes to include work steps necessary to implement; recommend responsibilities; and timing.

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Deliverable: Once staff and the Project Steering Committee have reviewed the draft final report and implementation plan, and required modifications completed, we would be prepared to present the final report to the City Council.

* * *

The chart, below, provides our estimate of the time it would take to conduct this assignment at the level of detail and interaction described in this proposal. As the chart shows, this analysis would be conducted in a 12-week timeframe.

Task	1	2	3	4	5	6	7	8	9	10	11	12
1. Profile	█	█	█	█								
2. Develop Planning Assumptions		█	█	█	█	█	█	█	█			
3. Develop Alternatives			█	█	█	█	█	█	█	█		
4. Evaluate Opportunities					█	█	█	█	█	█	█	█
5. Final Report											█	█