



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/16/2022

ITEM NO: 9

DATE: August 8, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Information on Town Operational Efficiencies and Provide Potential Direction

RECOMMENDATION:

Receive information on Town operational efficiencies and provide potential direction.

BACKGROUND:

During the May 17, 2022 Budget public hearing, the Town Council approved a motion that included direction to initiate an employee-led operational efficiency program with the goal of 3% to 5% operational improvements and develop 5-year goals.

DISCUSSION:

Context

Currently, the Town provides most municipal services with the exception of Fire and Emergency Medical Services (EMS), and Community Services/Recreation (for all ages). In 1971, the Town annexed into the County Fire District and transitioned the service to that agency.

During the Great Recession, the Town eliminated the Community Services Department and distributed its functions. Senior programming was built into a lease agreement with Los Gatos-Saratoga Recreation (LGS Rec). The Town Manager's Office and the Community Development Department absorbed several functions. The Town Manager's Office took on Town events (e.g., 4th of July), Community and Senior Services Commission (now the Community Health and Senior Services Commission) and Arts and Culture Commission (currently administered by the Library Department). The Community Development Department administers Housing Programs, overseeing the work of vendors providing many of the direct services.

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Interim Finance Director

DISCUSSION (continued):

The Great Recession also saw the elimination of many Town positions. Attachment 1 shows the sharp decline in staffing at that time and the fairly steady maintenance of reduced staffing rates over the years.

Process Improvements and Organization Efficiencies

As a lean organization, all Town Departments are continuously reviewing their processes to identify and institute process improvements to ensure that the limited Town staff resources are focused on work that best utilizes their professional, creative, innovative, and technical skills. Out of necessity with increased workloads, new State unfunded mandates, and little to no increases in headcount, staff has had to find ways to do more by becoming more time efficient without reducing the high quality of work product, internal controls, or the high level of customer service the Los Gatos community expects of the Town.

Attachment 2 lists efficiencies identified by staff in three categories: (1) already implemented, (2) in the process of being implemented, and (3) expected to be implemented. The information includes efficiencies that were identified and implemented beginning in January 2020 to the present to account for pre-Pandemic, Pandemic, and current considerations. The Pandemic was an incredible catalyst to push many potential efficiencies from “nice to have” to “must have” (such as on-line permit applications). It should be noted, that while this report focuses on process improvements implemented since 2020, as illustrated in Attachment 1 the staffing reductions since 2001 have required significant process improvements over the decades to maintain service levels.

Efficiencies have been achieved through a variety of mechanisms, including but not limited to:

- The innovative use of technology;
- Regulatory streamlining;
- Use of consultants, retired annuitants, or vendors in a cost effective manner to create staff capacity for other work; and
- Updating processes to improve workflow.

While the motion requested the quantification of the efficiencies gained through the implementation of the items, the Town does not have the bandwidth to attempt these estimations. Instead, qualitative explanations are provided with each item.

The Adopted Operating Budget contains activity and performance measures for all of the Departments. The measures include quantities of work, cycle times, and other metrics. Some of the performance measures include customer satisfaction ratings. Additional customer satisfaction data were collected with the recent Community Survey.

DISCUSSION (continued):

Finally, the Town's ability to provide ongoing efficiencies in part depends on staff retention. Trained and experienced staff have the relationships with community members, institutional knowledge, and problem-solving background of past issues facing the Town. The Town's recruitment efforts carefully screen candidates to determine their technical and soft skills to deliver high quality, timely, and professional services. Once hired, career opportunities can occur within a single Department or by promoting to a new position within another Department.

CONCLUSION:

This report documents efficiencies that have been implemented in Town Departments and Offices beginning in January 2020 (pre-Pandemic), illustrating that staff engagement in continuous process improvements is a fundamental element of the Town's organizational culture. Attachment 2 also contains some of the prospective improvements for the future. A five-year projection of additional improvement would be challenging at this time given the dynamic technological changes that are already underway.

As the Town continues to face future budget challenges, the Council has asked the Finance Commission to look at both revenue and expenditure options to address the forecasted shortfalls. Staff is supporting the Commission's work by providing information regarding potential options. With this agenda item, the Town Council may also provide specific direction to staff.

COORDINATION:

The information contained in this staff report was coordinated with all Town Departments and Offices.

FISCAL IMPACT:

There is no negative fiscal impact associated with the receipt and discussion of this report.

ENVIRONMENTAL ASSESSMENT:

This agenda item is not a project defined under CEQA, and no further action is required.

Attachments:

1. Organizational Staffing Levels
2. Town Operational Efficiencies by Department