Performance Audit of Innovation and the City’s Transition into 21st Century Government

Report 02-FY 2020/21 | December 2020

OFFICE OF THE CITY AUDITOR
Eduardo Luna, City Auditor
December 30, 2020

Honorable Mayor and City Council
City of Beverly Hills, California

Transmitted herewith is the Performance Audit of Innovation and the City’s Transition into 21st Century Government. While this audit does not include formal recommendations, it does provide insight into areas for consideration in the City’s strategic planning efforts as it relates to information technology, maximizing the existing workforce, and the use of remote working options beyond the pandemic.

We would like to thank management and staff within the Human Resources (HR), Finance, and Information Technology (IT) Departments for their assistance. We briefed City Management, HR Management, and IT Management on our observations. The briefing memos can be found on our website. We would also like to thank survey respondents from the Confidential, Management and Professional, and Municipal Employees Association bargaining units for participating in our survey. The audit staff responsible for this report are Shawnee’ Pickney and Evelin Garcia.

Respectfully submitted,

Eduardo Luna
City Auditor

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    Mark Hobson, Assistant Chief Information Officer, Information Technology Department
Purpose

• The Office of the City Auditor (OCA) conducted a survey to obtain staff feedback about their:
  – Telework experience
  – Ideas for innovation in their respective departments’ operations

• Survey provides baseline of employee sentiments for future evaluations of telework program if instituted

• Survey results identify areas for management consideration related to strategic planning around technological infrastructure, policies and procedures for remote working, and ideas for operational improvements within the City
Scope

• Teleworking employees within the following bargaining units:
  – Confidential
  – Management and Professional (M&P)
  – Municipal Employees Association (MEA)

Methodology

• Surveyed each group between October 22, 2020 and December 1, 2020
  – Questions for the Survey can be found in Appendix I: Survey Questions
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Background

- World Health Organization (WHO) declared COVID-19 a pandemic on March 11, 2020

- Pandemic mitigation strategies from federal, state, and local authorities resulted in:
  - Implementation of stay-at-home orders
  - Limited in-person contact
    - E.g. virtual environment, 6-foot distance, etc.
  - Other virus mitigation strategies
    - E.g. hygiene advisements (handwashing, etc.), face coverings, etc.

- Beverly Hills City Manager directed departments to implement telework based on position suitability
### COVID Statistics Between 11/9/2020 and 12/18/2020

<table>
<thead>
<tr>
<th></th>
<th>Nov 9(^{th})</th>
<th>Dec 18(^{th})</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cases</strong></td>
<td>50.7M</td>
<td>75.4M</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Deaths</strong></td>
<td>1.3M</td>
<td>1.7M</td>
<td>33%</td>
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### COVID Statistics for California

<table>
<thead>
<tr>
<th></th>
<th>Nov 9(^{th})</th>
<th>Dec 18(^{th})</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cases</strong></td>
<td>965K</td>
<td>1.7M</td>
<td>79%</td>
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<tr>
<td><strong>Deaths</strong></td>
<td>18K</td>
<td>22K</td>
<td>22%</td>
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### COVID Statistics for Los Angeles County

<table>
<thead>
<tr>
<th></th>
<th>Nov 9(^{th})</th>
<th>Dec 18(^{th})</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td><strong>Cases</strong></td>
<td>322K</td>
<td>580K</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Deaths</strong></td>
<td>7.2K</td>
<td>8.7K</td>
<td>21%</td>
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### COVID Statistics for Beverly Hills

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<thead>
<tr>
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<th>Nov 9(^{th})</th>
<th>Dec 18(^{th})</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td><strong>Cases</strong></td>
<td>808</td>
<td>1.3K</td>
<td>61%</td>
</tr>
<tr>
<td><strong>Deaths</strong></td>
<td>12</td>
<td>14</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: OCA generated based on data from the John Hopkins Coronavirus Resource Center, the California Department of Public Health, and the County of Los Angeles Department of Public Health. Data reflective of snapshots taken on December 18, 2020.
Institute for Health Metrics and Evaluation Projections

Projected Daily Infections and Death Estimates for the U.S. for 12/31/2020


Terminology

- **Mandates Easing:** Continued easing of social distancing mandates and mandates not re-imposed
- **Rapid Rollout:** Vaccine distribution is scaled up over 45 days
- **Current Projection:** Mandates re-imposed for six weeks whenever daily deaths reach 8 per million
- **Universal Masks:** 95 percent mask usage in public in every location with mandates re-imposed for six weeks if daily deaths reach 8 per million

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COVID-19 cases continue to accumulate

Indicates the need for continued:
- Social distancing
- Diligence in hygiene practices (e.g. hand washing, etc.)
- Cleaning and disinfecting frequently used surfaces
- Mask wearing to protect self and others
- Adherence to best practices and compliance with science-based advisements and directives

Pandemic fatigue and other behaviors may impact individual and collective compliance
Pandemic Fatigue and Behavior

• Pandemic fatigue includes:
  – Feeling mentally and physically exhausted
  – Inability to start and perform everyday activities
  – Experiencing difficulty with thinking clearly and concentrating on work

• Other pandemic behavior
  – Underestimating the possibility and impact of a disaster, resulting in inadequate preparation
  – Choosing short-term rewards at the expense of future benefits
Various perspectives exist regarding approaches to mitigating the pandemic

- For example, people may take an optimistic, moderate, or pessimistic approach when strategizing

Fundamentally, City will need to continue and/or develop:

- Virtual Interactions (between employees and with the public)
- Touchless Commerce (online mediums, phone applications, etc.)
- Teleworking (based on position suitability, established criteria, etc.)

- OCA completed a behavioral risk assessment that can be found in Appendix II: COVID-19 Behavioral Risk Assessment
Opportunity to Evaluate City Operations

• Pandemic creates an internal case study to evaluate the City’s capacity to:
  – Operate virtually
  – Innovate
  – Prepare for 21st Century governance
  – Meet its Sustainability Goals

• Beverly Hills Sustainable City Plan goals include:
  – Maximizing energy efficiency in both City operations and citywide
  – Reducing traffic congestion while improving pedestrian experiences
  – Encouraging equitable and fair access to City services and facilities for all members of the community
Survey Respondent Demographics

**Confidential**

- Total Respondents = 16
- Survey Universe = 19
- Response Rate = 84%

**M&P**

- Total Respondents = 86
- Survey Universe = 114
- Response Rate = 75%

**MEA**

- Total Respondents = 45
- Survey Universe = 66
- Response Rate = 68%

**All Surveyed Bargaining Units**

- Total Respondents = 147
- Survey Universe = 199
- Response Rate = 74%
Survey Respondent Demographics

- Respondents represent employees within City departments except the Police and Fire departments
- Respondents include supervisors and managers, customer service staff, analysts, and other positions
- Almost 60 percent of respondents have been in their positions for 1-5 years
- Approximately 20 percent of respondents have been employed with the City for more than 10 years

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Survey Respondent Demographics

- Geographically, respondents live in areas that extend farther than 20 miles south, 30 miles east, 16 miles north, and 10 miles west of Beverly Hills

- 2019 Census Data estimated that approximately 21 percent of commuters who drive alone and 59 percent of commuters who take public transportation have a commute time of 45 minutes to more than an hour

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
2020 was the first year that Beverly Hills observed and recorded telecommuting in the Average Vehicle Ridership (AVR) Study.

City 2018, 2019, and 2020 AVR studies show that driving alone and telecommuting percentages are closer in comparison in 2020.

The shift has occurred while City continues providing services, with few exceptions, offered pre-pandemic.
An analysis of 2018, 2019, and 2020 electricity bills for a City Hall Account found that during the pandemic (May-September):
  - Costs remained consistent
  - Energy use declined

At minimum, shows telework is a potential mechanism for the City to meet its energy efficiency goal(s)

Note: Utility bill data was not available for April 2019. To account for this we removed April data from 2018 and 2020 to not skew the results. Utility costs for April 2018 and 2020 were approximately $6800 and $2800 respectively. Energy usage for April 2018 and 2020 were approximately 62,000 kWh and 44,000 kWh respectively.

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Employees’ Telework Experience

Service Levels

- “I believe interaction with the public has increased through the use of video conference technology. I believe it is easier for our public to gain access to us quickly using these technologies rather than having to make a trip in to a City facility. It saves them time.”

- “Having a paperless environment with more online solutions, allows us to more efficiently process changes, answer questions, provide support.”

- “I have been able to meet more regularly with customers due to the online video meetings. I also spend less time travelling to and from meetings at different facilities which increases the time I’m available to provide a higher level of service…”

- “I believe customer service has improved due to increased employee morale…”

- “Our phone service level (how many calls we are able to answer promptly) has increased to nearly 100% everyday whereas before it could be as low as 75%.”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Employees’ Telework Experience

Own Productivity

Since teleworking began, 63 percent of respondents report increasing their productivity.

- “Prior to telecommuting I had a very long commute. I had no work/life balance during the week. With telecommuting…I am more rested and happy in general and more productive at work.”

- “Working remotely has made big changes in my life. My productivity is increased with less distractions. I am able to use my commute time to get more done at work and at home.”

- “I think WFH is a valuable tool to provide some work life balance for employees. I have not seen a decrease in productivity from my team during this time. I would love to see a hybrid option going forward…”

- “For my position, there is no loss of productivity when working from home. Field visits are done as needed.”

- “It was a very quick transition…I will say that at first…I wasn’t sure how it could work long term. However we began to change and grow as a department together and when challenges arose I always had a lot of assistance. While the first month or 2 had some bumps in the process, I have found increased productivity due to my environment, overall well-being and less stress since that initial time.”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Management Considerations

- **Should Teleworking Become a Scheduling Option, It Will Be Necessary To:**
  - Identify positions that are telework suitable and those that require on-site attendance
  - Develop clear expectations for work hours, staff availability, and staff response time to customer, colleague, and management inquiries
  - Develop key indicators for monitoring service delivery
  - Develop key indicators for monitoring employee performance
• 65 percent or more of respondents report the following as somewhat to very important benefits experienced while telecommuting
  – Work/Life Balance
  – Increased Productivity
  – Positive Environmental Impact
  – Reduced Commuting Costs

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
• 35 percent or more of respondents report home office set up as somewhat to very challenging while telecommuting

• 24 percent or more reported technological resource needs and access to documents and other work files as somewhat to very challenging while telecommuting

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Employees’ Telework Experience

Respondents reported that more ergonomic equipment and resources would improve the teleworking experience.

- If the City was open to providing office equipment to those working at home such as a second monitor, ergonomic keyboards and other office equipment...I feel that more work could be done in shorter amounts of time... working on spreadsheets and multiple documents [is] difficult to do on a laptop.”

- “...my desk set up with two large screens for the 4 programs I work on at once [is] more effective and efficient than my laptop. Also, my kitchen table and chairs are not comfortable like my work set up.”

- “An office chair, if that is even possible, and a second screen monitor to be able to view more since the laptop screen is smaller than the office computers.”

- “Ability to access or offer discounted desks/chairs from a vendor.”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Employees’ Telework Experience

Although respondents report receiving VPN access, they also commented that other cloud-based options would provide more seamless access to City networks.

• “I believe the VPN service can be improved to be more seamlessly integrated into work-from-home computers. Though not directly related to working from home I also believe the City should invest in software that allows for a document to be shared and edited by multiple people at the same time. This would allow for improved collaboration. The City should invest in Microsoft Teams and allow people to call phones from their Microsoft Teams account.”

• “Direct portal into City work space. Not website access VPN, but actual operation on the City computer desktop as soon as you open your computer. More robust, less glitches. West Hollywood is doing this.”

• “… Also, VPN is often slow...it would be much preferred to have a system like OneDrive where the entire network is on the cloud.”

• “There are City applications that operate better if done without the VPN. This requires the City to expand its VPN network to make this work remotely without issues.”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Management Considerations

Should Teleworking Become a Scheduling Option, It Will Be Necessary To:

- Ensure that teleworkers have appropriate internet access (e.g. bandwidth, speed, etc.)
  - Some VPN issues related to inadequate internet capacity in home
- Clearly identify expectations for home office setup in terms of equipment and furniture
  - Equipment City will provide
  - Equipment teleworker is expected to have
Employees’ Telework Experience

If offered under non-emergency circumstances, 95 percent of respondents would telework with 77 percent of them seeing themselves working three or more days from home.

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
Employees’ Telework Experience

Telework support is strong regardless of years employed with the City.

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
When asked whether the respondents’ departments solicit feedback from customers:

- 41 percent answered “Yes”
  - Respondents largely from Community Services and Public Works Department – which are public facing departments

- 58 percent answered “No” or “Did Not Know” to soliciting customer feedback
  - Respondents largely from the Community Development Department – which is a public facing department
When asked whether the respondents’ departments solicit feedback from them about their work experience:

- 52 percent answered “Yes”
- 48 percent answered “No” or “Do Not Know”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.
### Teleworking Policies in Jurisdictions

<table>
<thead>
<tr>
<th>City/County</th>
<th>Policy Status</th>
<th>IT Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>City/County San Francisco</td>
<td>City Practice</td>
<td>Cloud-Based (Microsoft 365)</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>City Practice</td>
<td>Cloud-Based (Microsoft 365)</td>
</tr>
<tr>
<td>City of San Jose</td>
<td>City Practice</td>
<td>Info Not Public</td>
</tr>
<tr>
<td>County of Los Angeles</td>
<td>City Practice</td>
<td>Cloud-Based (Microsoft 365)</td>
</tr>
<tr>
<td>City of Santa Monica</td>
<td>Telework Policy Not Public; Teleworking Due to Pandemic</td>
<td>Info Not Public</td>
</tr>
<tr>
<td>City of Beverly Hills</td>
<td>Teleworking Due to Pandemic Pilot Program</td>
<td>Cloud Capabilities</td>
</tr>
<tr>
<td>City of West Hollywood</td>
<td>Temporary</td>
<td>Cloud-Based (Microsoft 365)</td>
</tr>
<tr>
<td>State of Arizona</td>
<td>State Practice</td>
<td>Cloud-Based (Google Workspace)</td>
</tr>
</tbody>
</table>

*Note: Microsoft 365 includes Teams, One Note, and Windows applications such as Word and Excel. Google Workspace includes Drive, Gmail, and Google Meet.*

In five of the eight jurisdictions we reviewed, teleworking was already an employee scheduling option pre-pandemic and five of the eight use cloud-based platforms. The City of Beverly Hills has cloud capabilities.

*Source: OCA generated based on data research on benchmarked cities and counties.*
### Teleworking Policies in Private Organizations

<table>
<thead>
<tr>
<th>Business</th>
<th>Policy Status</th>
</tr>
</thead>
</table>
| **Google** | • Expanding beyond pandemic-teleworking  
• Working on hybrid model after internal survey revealed employees want to return to office at some point, but not everyday  
• Value in-person interactions but need to create more worker flexibility |
| **Microsoft** | • As of October 2020, working from home part-time is standard  
• Part time is less than 50 percent of the time  
• Assumes manager and team alignment  
• Not committing to every employee working from anywhere – essential onsite roles excluded and still sees value in employees being together in workplace |
| **Nationwide** | • Shifted 98%+ of 27,000 employees to remote working after declared pandemic  
• Making work-from-home permanent for many employees  
• Reducing office spaces from 20 physical offices to four  
• Tracked performance indicators and results were the same as pre-pandemic |
| **Twitter** | • Announced in May 2020 it will offer telework as permanent option  
• Onsite attendance still required for jobs requiring physical presence |

In summary, private businesses are expanding remote working options beyond the pandemic. These companies have expressed that employee well-being, flexibility, and productivity are contributors to their decisions.

Source: OCA generated based on a review of company publications and published information.
Management Considerations

• Should Teleworking Become a Scheduling Option:

  • City has the IT infrastructure:
    – Has phone and VPN equipment for applicable employees
    – Has secure shared drive for employee document sharing
    – Has web-based methods for accessing City portals (e.g. MUNIS timesheets, etc.)
    – Planning to implement Microsoft 365

  • City needs to determine how it envisions incorporating teleworking and develop policies and staff expectations accordingly
    – Includes reimbursements, etc.
    – Employee Expectations and Monitoring
Management Considerations

• Should Teleworking Become a Scheduling Option:
  • City will need to embrace the culture shift to a hybrid work environment and tech savvy society
    – In-person, phone app, video conferencing, online portals, text/chat with customer service staff, etc.
    – Embracing various means of communication:
      » Does not diminish the in-person experience for those who seek it
      » Provides the City with more efficient means to meet the needs of all of its customers
    – Inform staff about and provide training on how to use available technological resources
    – Assist the public with acclimating to various options for conducting business through public awareness campaigns, etc.
Using a balanced scorecard approach is one method for helping the City align strategies with daily operations.

## Balanced Scorecard Approach

### Financial
- Hard Costs: Benefits gained from the investment
- Soft Costs: Any monetary savings from gains in productivity, staff morale, recruitment and retention, etc.

### Customers
- Methods of accessing City Hall for:
  - Senior Clientele (limited mobility)
  - Those Preferring In-Person
  - Busy Clientele (need answer in the space they’re in at the time they connect)
  - Convenience Clientele (Tech-savvy customers)
  - Social Distancing (likely to continue in 2021)

### Internal Business
- Increase Productivity and Quality of Service
  - Downsizing staff due to retirements
  - Maximize existing staff
  - Staff Recruitment and Retention
  - Improve Internal Processes for Efficiency Improvements
  - Staff/Management embrace of technology

### Innovation and Learning
- Information System Capabilities
  - Secure, Flexible, Scalable, Facilitative Of Worker Productivity, Customer Service Friendly
- City’s vision for enhanced City Hall over next 5-10 years
  - Walk-In Only, Virtual Options, Hybrid Services, etc.
- Real-Time Analytics
  - Is the City Meeting Customer Expectations?
  - Are There Better Ways to Organize City Staff?
Respondents’ Ideas for Innovation

• **Respondents’ Ideas for Innovation**
  
  • We asked respondents:
    
    – *When thinking about the future of Beverly Hills, ideally, how could the use of data and technology improve your ability to do your job and improve customer service delivery?*
    
    – *Assuming resources were plentiful, and the organizational culture was supportive, do you have any innovative ideas you would seek to explore/pilot/implement in your department to improve operations and customer service delivery?*

  
  • Ideas Included:
    
    – Creating a 4-1-1 Customer Information Line
    
    – Continuing to offer remote testing and interviewing online for HR recruitment
    
    – Enhancing the City’s Permitting System by providing data for customers to conduct own research, which could potentially reduce inquiries to City staff
    
    – Automating services

  
  • A summary of the submissions can be found in *Appendix III: Respondents’ Ideas for Innovation*
Key Takeaways

- City:
  - Has technological capacity to incorporate collaborative/productivity/communication platforms
  - Has workforce that is tech-savvy and/or ready to embrace technology
  - Has a need to maximize existing workforce while simultaneously providing efficient, effective, and quality services (internal/external)
  - Is in the midst of a culture shift that requires:
    - Commitment by City leadership and staff to seize present opportunities
    - A re-examination of how the City will conduct business
      » E.g. hybrid service options: in-person, virtual, online chat, mobile apps, etc.
      » E.g. hybrid workspaces (e.g. onsite, remote, in-field, etc.)
    - Aligning policies and procedures with evolving operations
      » E.g. staff expectations
      » E.g. IT security protocols and internal controls
    - Public awareness campaign
      » Bringing the public along in the transition to 21st Century government
In Closing

In the words of one of the respondents:

“I think this experience has shown that the City of Beverly Hills needs to embrace the future and become more technologically advanced to keep up with customer demands and expectations. During teleworking, I hear the same complaint from customers that I heard when working in the office: That they are unhappy and unimpressed with our service options and expect more from The City of Beverly Hills. This is an opportunity for the City of Beverly Hills to re-evaluate and re-focus our attention to engage with the public the way they prefer: digitally. Customers have always wanted a phone application that was a one stop shop for all city related business. Customers have always wanted accurate, automated updates on their inquiries and requests. Most of all, customers want to be able to handle everything they need from the comfort of their homes.”

Source: OCA generated based on data from the Confidential, Management and Professional, and Municipal Employees Association bargaining units’ survey results.