



**COUNTY OF EL DORADO  
DEPARTMENT OF TRANSPORTATION  
INTEROFFICE MEMORANDUM**



**Date:** June 9, 2010

**To:** Board of Supervisors  
Chief Administrative Officer

**From:** James W. Ware  
Director

**Subject:** DOT/General Services Reorganization

At the Budget Hearing held on June 7<sup>th</sup>, the Board requested that they be provided with an update on the status of the DOT/General Services Reorganization (reorg) at the follow-up budget meeting scheduled for June 9<sup>th</sup>. I asked the DOT Deputy Directors to provide me with their assessment of where the Department is at this point as a result of the reorg. This report is based on a compilation of their efforts, my observations, and communications that I've had with other Department Heads and others in the County.

**The primary reason behind the reorg was that the DOT had systems and processes in place to deliver the DOT program and projects and administer the various grants, contracts, agreements, reports, etc. effectively.** We paid our bills on time; we received the appropriate discounts on our purchases, tracked our time appropriately, and received very positive comments from outside auditors on our fiscal, administrative, and project management practices.

**The General Services (GS) Department's project management practices were greatly different than those in the DOT.** In the DOT, the construction contracts for projects are prepared with the funding source in mind. In fact, if the funding sources rules aren't followed, we could be required to repay any funding we received for the work and could be ineligible for the funding in the future. There is standard language regarding bid requirements, prevailing wages, DBE requirements, and a wide range of other requirements in addition to non-standard requirements for project signage, access to the work by funding agency representatives, records retention, and domestic partner rules that come with some of the funding sources and the construction contracts are required to mirror those requirements. The requirements are different between State and Federal funding sources and one Federal Agency may have different rules than another Federal Agency. There didn't seem to be any consideration for the funding in the GS contracts. There are also a lot of very low dollar contracts in the former GS area that make the administration disproportionately more expensive than they cost when under GS.

**For years DOT has applied cost accounting principles to ensure that we are correctly tracking and recovering the costs of staff performing work on the various programs and projects in the department.** The Department uses charge numbers and activity codes to identify what project an employee is working on and what activity that employee is performing. This allows the DOT to recover its costs from the funding source and is a part of the reason that the department has historically performed well during audits. This also allows us to measure

*Jim Ware. 6/9/10*

performance between projects or to prepare budgets and estimates for a known scope of work. This accuracy comes at an administrative cost to the department that is recoverable through our funding programs. The department is applying these accounting practices to its new responsibilities formerly performed by GS. In the past, a GS employee would be billed out at his salary and benefits and minimal admin support so most administrative support, management, A-87 costs would be absorbed by the General Fund contribution to the GS Department so no one knew what it actually cost to provide a service to a department or a fund source. An example of that situation was at the BOS meeting on June 7<sup>th</sup> where the members of the Airport Advisory Committee expressed their displeasure of the DOT costs to manage and operate the airport. The simple fact of the matter is that no one had ever properly tracked the time that was spent at each of the 2 airports to ensure that staff were appropriately allocated to the correct airport, no one had tracked how much offsite management was involved in the operation of the airports, and no one had tracked how much administrative time the airports required and should pay for. The tie down and hangar leases are still being cleaned up. In the past, there has been a General Fund augmentation for the airports.

Another significant challenge in this area is that while DOT is doing its staffing charges one way, other General Fund Departments are doing it another. DOT will bill out its staff providing services to another Department at the rate that allows the Department to recover its costs. The Departments that receive the services are sometimes unpleasantly surprised when they receive their bills for the service.

El Dorado County DOT, as well as the Public Works/DOT departments in most agencies, is not typically General Fund funded. They typically rely on dedicated revenues, charges for services, and various impact fees to fund their programs with less reliance on the General Fund. They are a revenue generator to the Agency's General Fund because the Department can be charged rent and other eligible costs that General Fund Departments don't pay.

**Working with other Departments** The other Departments have been very supportive of DOT taking on the role of the GS but there are some growing pains. The first 2 bullets provide some insight into the relationship. GS never asked about the funding source or asked the other Departments to provide back-up documents for their funding source(s). We review the leases on leased facilities to make sure that any improvements we make aren't required to be removed before we can leave the building and review the funding documents to make sure that the funding agency won't require us to have the same improvements installed in any new buildings if they have funded the work once. This may appear to be some bureaucratic process that we are making up to justify our existence but there are sources of funds where these requirements are real and the penalties for non-compliance can be severe.

**Commissions and Committees** There has been an additional burden placed on staff with the new Commissions that we are responsible for staffing. Some of the ones that come to mind are the Parks and Rec Commission, the Trails Advisory Committee, the Folsom/El Dorado SP JPA, the Airport Advisory Commission, and the Rubicon Oversight Committee. These all require a lot of time and there are always demands on the limited staff to provide more and more services, projects, staff, and funding and as more skate parks, parks, trails etc. are developed, the expectation for service gets that much higher without a commensurate increase in staff or funding.

**Staffing** Staffing has been a challenge in the reorg. We've been unable to create some of the new positions that we needed quickly enough when we first took over the GS responsibilities and once we did get the bodies, they were anywhere from months to years behind on day one.

I've often described this as trying to shoe a running horse. Many staff have been working nights and weekends on a troublingly frequent basis, often without compensation. There hasn't been enough time to reevaluate the job descriptions and salaries of those individuals that took on much greater responsibilities in the new organization. I would recommend that any future reorg's consider staffing up the Department receiving the new work and getting the systems in place to handle the new workload.

**Proactive vs. Reactive** At this point, the DOT is in a reactive mode as it relates to the facilities (Capital and Maintenance) side of the operation. There simply hasn't been enough resources available to meet with the customers, develop plans, funding strategies, and begin implementing them. We've been responding to major system failures and keeping things limping along but a strong investment in the ACO is required.

**Successes** The DOT is still managing a \$100+ Million/year transportation planning, design, construction and maintenance program. The challenges of keeping that program viable didn't go away when the DOT took over GS. We still have challenges working with Caltrans, coordinating/cooperating with various other transportation agencies/JPA's/Working groups, preventing Storm Water compliance issues while advocating the County's position on proposed regulations, pursuing grants, working with the development community, keeping Tahoe blue, etc. I have staff at a meeting this morning with PECG (the State Engineer's union) trying to take advantage of the design/build program to get the Silva Valley interchange delivered as quickly as possible without the County being drug into a lawsuit because they see the program as taking jobs away from their members.

The DOT is getting the job done, albeit slowly, on the reorg side of things. We're paying the bills. We're putting out legal contracts that are compliant with the funding sources requirements. We're getting a handle on the fleet operations and right-sizing the fleet pool. We're tracking costs and doing better budgeting. We assimilated almost 50 employees from the former GS Department that had for years been the first to be cut for almost every budget problem in the County and they are performing very well. We still have a long ways to go before we have a fully operational Public Works Department.

