

**El Dorado County
Department of Transportation
Organization Issues**

Board of Supervisors

October 2008



Review of FY 08/09 Budget



Previous BOS Actions

- **Sept 23, 2008**
 - **Personnel Actions:**
 - Delete one FTE Deputy Director of Engineering position
 - Add one FTE Supervising Civil Engineer position
 - Delete one FTE Senior Civil Engineer position
 - Allow contract administration role to be expanded to Supervising Civil Engineers
 - Return to the Board with remaining information on October 28, 2008.
- **Oct. 14, 2008**
 - CAO to schedule special meeting to discuss budget issues pertaining to the Department of Transportation and the Department of Human Services



Impacts on CIP due to Reduced TIM Fee Revenue

- Capital Improvement Program (CIP) is revenue constrained (loss of revenue = loss of projects)
- First years in CIP work largely off previous collected revenues (projects in FY8/9 are not dependant on new TIM revenues)
- Outer-years are dependant on uncollected revenue (projects in FY 12/13 are very dependant on new TIM revenues)
- TIM Fees represent about 50% of the revenue in the CIP
- Slow down in housing is reflected in a reduced forecast of permits (25% reduction in the 5-year draft 2009 as compared to the 2008 CIP)



Permit Activity

| Year | EDH | TIM | Total |
|-------|------|-----|-------|
| 91-92 | 246 | 243 | 489 |
| 92-93 | 268 | 349 | 617 |
| 93-94 | 169 | 543 | 712 |
| 94-95 | 269 | 388 | 657 |
| 95-96 | 428 | 498 | 926 |
| 96-97 | 203 | 393 | 596 |
| 97-98 | 418 | 539 | 957 |
| 98-99 | 385 | 666 | 1051 |
| 99-00 | 698 | 533 | 1231 |
| 00-01 | 1012 | 714 | 1726 |
| 01-02 | 1262 | 767 | 2029 |
| 02-03 | 852 | 703 | 1555 |
| 03-04 | 1015 | 774 | 1789 |
| 04-05 | 969 | 783 | 1752 |
| 05-06 | 571 | 579 | 1150 |
| 06-07 | 283 | 377 | 660 |
| 07-08 | 347 | 177 | 524 |
| 08-09 | 200 | 100 | 300 |
| 09-10 | 300 | 100 | 400 |
| 10-11 | 300 | 150 | 450 |
| 11-12 | 300 | 200 | 500 |

Lowest other five year period was 3,401

Special Note:
Two major developers in the EDH zone think they will be lucky to pull any permits this year. One believes they will pull between 60 and 80.

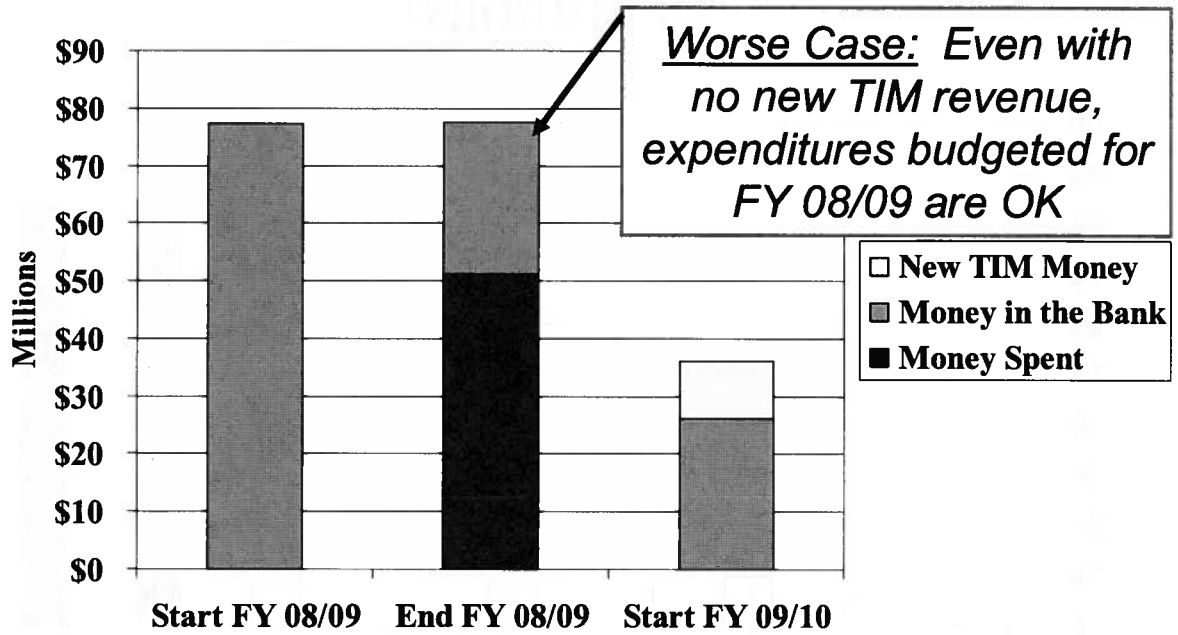
Total permits forecasted over the next five years is 2,250

CIP Workload Issues

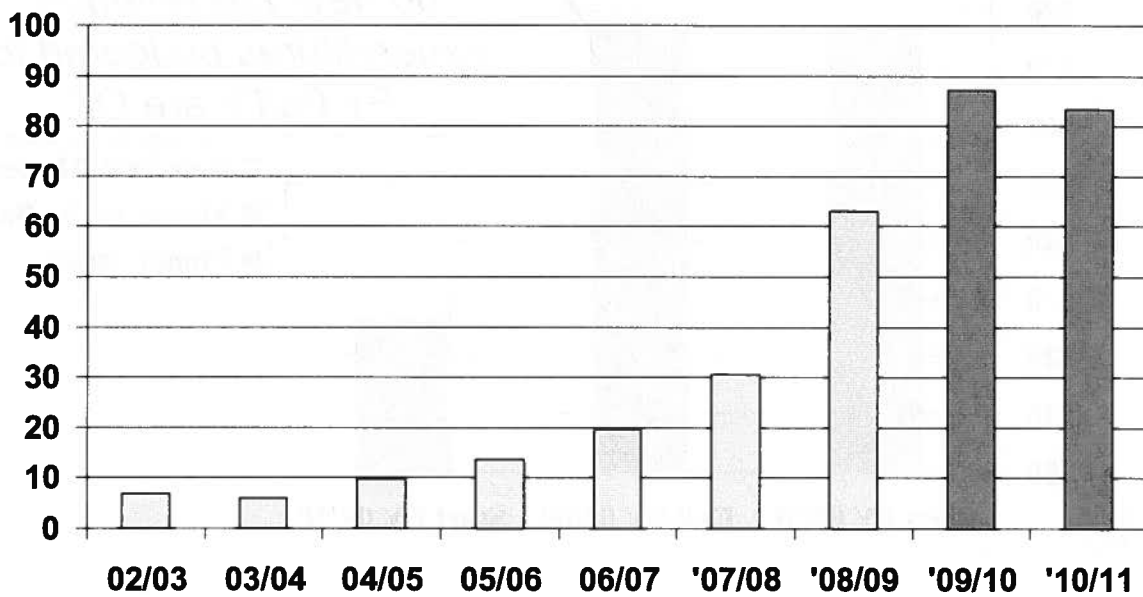
- Multi-year project delivery (projects that are will be constructed in 3 to 4 years need to be worked on now)
- New Measure Y will require 10-year CIP
 - TIM Fee group believes 10-year annual average of permits will be 1,300 (13,000 for 10 years)
 - Current 5-year CIP has 2,250 permits (\$38.1 million in new revenue)
 - Years 6-10 will have an additional 10,750 permits (\$182 million in additional revenue)
- 10-year CIP will significantly increase workload



FY 08/09 Budget relies only on “Money in the Bank”



Workload Construction Expenditures (\$ millions)



Organizational Issues

- Core Functions vs. Geographic
- Internal vs. External Attention of Director
- Engineering Authority
 - Director of Transportation is not required to be a licensed Engineer
 - Creates potential conflicts in engineering opinion that can increase tort liability
- Market for transportation engineers is limited
 - Over dependence on Consultant to meet workload
 - Recruitment and retention difficulties
- Administrative costs
 - Increased costs as a result of off-loading of non-engineering work from engineers
- Overhead rate
 - All costs are recovered (no general fund augmentation)
 - Rate is determined by Federal and State regulations
 - Management level staff has minimal direct billing



Indirect Rate – 101%

| | |
|--|-------------|
| 1. External Charges - 13% | |
| • A-87 and Risk Pool | 11 % |
| • Cost Applied from Other County Departments | 2 % |
| 2. DOT Departmental Charges - 25% | |
| • Administration: Director & Administration | 18 % |
| • General Office: Supplies, Telephone, Utilities | 7 % |
| 3. Engineering Divisions Indirect - 63% | |
| • Engineering Deputy Directors | 9 % |
| • Supervising Civil Engineers | 16 % |
| • ASO and Sr Admin Analyst | 6 % |
| • Support Staff | 9 % |
| • Line Staff Indirect | 12 % |
| • Non Labor | <u>11 %</u> |
| Total | 101 % |



Recommendations

- Reduce budgeted staff costs by \$551K
 - Reduce Department management by taking the following actions:
 - DELETE 4 existing management positions
 - ADD 2 new management positions
 - ADD 1 staff position
 - Eliminating 6 vacant positions



Recommendations – cont'd

- **Realign Department Engineering functions along core activities**
- **Create Chief Engineer Position**
 - Consolidates all engineering functions
 - Allow Director to spend more attention to external issues
- **Eliminate Division of Administration**
 - Separate fiscal operations from administrative
 - Create CFO reporting directly to Director for all fiscal issues
 - Use existing ASO for administrative issues



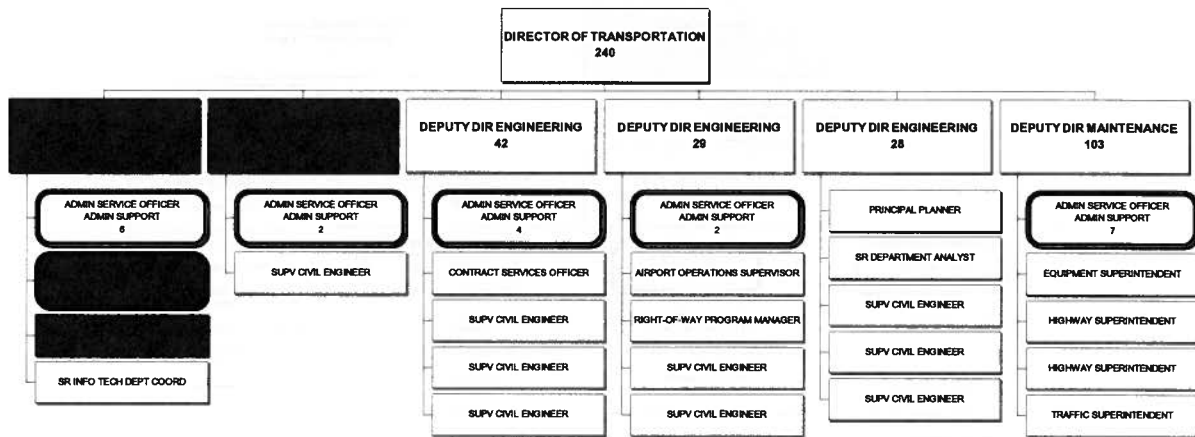
Recommendations – cont'd



- Reduce overhead costs by 30% by implementing more direct project charging by managers in fiscal year 2009/2010.
- Provide direction on use of Supervising Civil Engineers



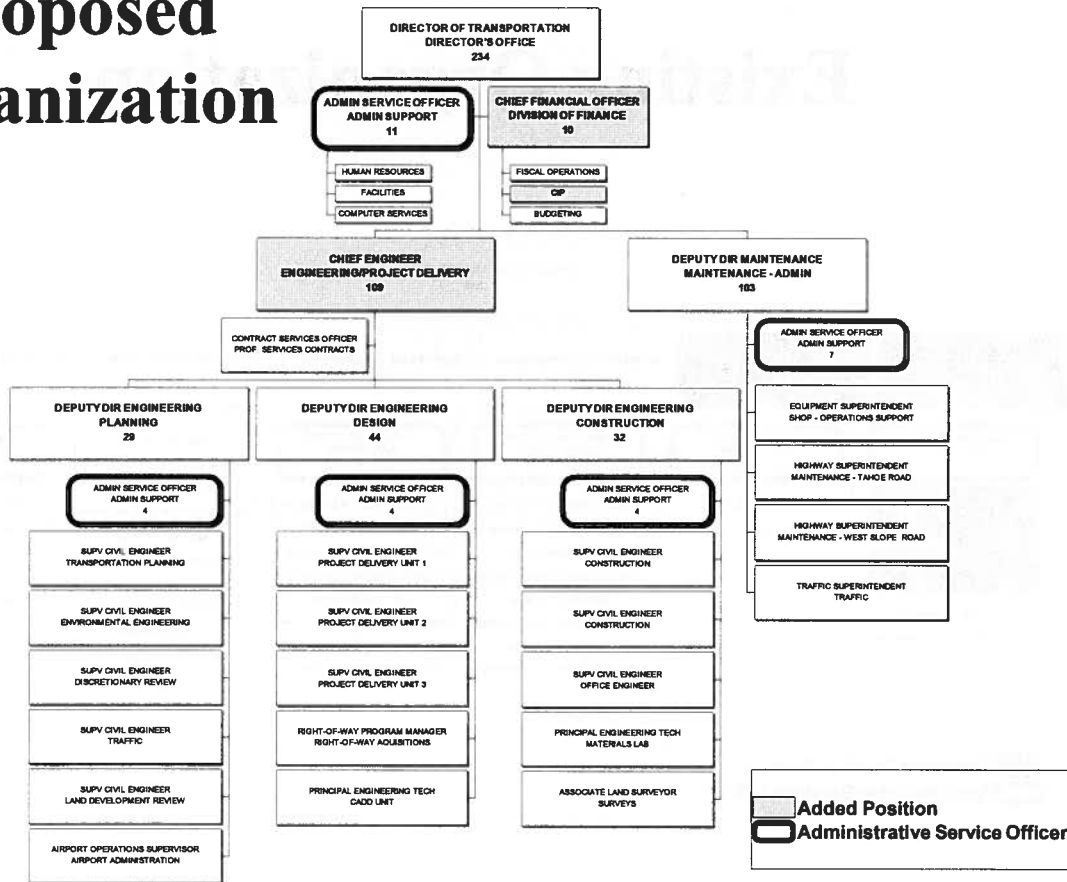
Department Org Charts

Existing Organization



 Proposed Deleted Position
 Administrative Services Officer

Proposed Organization



Impacts to Department Costs

| | QTY | Position | | Annual Salary | Decreased Costs | Increased Costs |
|--|-----|--------------------------------|-----|--------------------|---------------------|-----------------|
| DELETE | 1 | Deputy Director of Engineering | | \$117,728.00 | \$117,728.00 | |
| DELETE | 1 | Deputy Director of Admin | | \$100,838.40 | \$100,838.40 | |
| DELETE | 5 | Sr Civil Engineer | | \$84,739.20 | \$423,696.00 | |
| DELETE | 1 | Administrative Service Officer | | \$75,940.80 | \$75,940.80 | |
| DELETE | 1 | Administrative Tech | | \$48,505.60 | \$48,505.60 | |
| DELETE | 1 | Transportation Fiscal Manager | | \$87,659.23 | \$87,659.23 | |
| ADD | 1 | Chief Engineer | (1) | \$126,557.60 | | \$126,557.60 |
| ADD | 1 | Chief Financial Officer | | \$100,838.40 | | \$100,838.40 |
| ADD | 1 | Sr. Department Analyst | | \$75,940.80 | | \$75,940.80 |
| (1) Salary of Chief Engineer is not yet set. It is assumed to be 7.5% above the Deputy Director of Engineering | | | | Totals | \$854,368.03 | \$303,336.80 |
| | | | | Net Savings | \$551,031.23 | |

