



The County of El Dorado

Chief Administrative Office

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Date: October 30, 2008

To: Board of Supervisors

From: Gayle Erbe-Hamlin, Chief Administrative Officer
Prepared by: Laura Schwartz, Principal Administrative Analyst

A handwritten signature in blue ink that reads "Gayle Erbe-Hamlin".

Re: Department of Transportation

Background

On September 23, 2008, the Chief Administrative Office presented the Board with a recommendation pertaining to the Department of Transportation (DOT) to delete a Deputy Director of Engineering, add a Supervising Civil Engineer and delete a Sr. Civil Engineer, and to allow for the contract administration role to be expanded to Supervising Civil Engineers. This recommendation was approved by the Board. On October 7, 2008, the Board adopted the revised Personnel Allocation that included the three positions noted above, as well as the deletion of eighteen (18) vacant, unfunded positions. In summary, these actions reduced the Department's total FTE allocation from 259 to 240.

The Board directed the Chief Administrative Officer and Department to come back on October 28th with additional information in regards to achieving greater efficiencies within the Department. At a subsequent Board meeting the decision was made to move this date to Monday, October 27th as a special Board workshop.

This information was presented on October 27, 2008 and the item was continued for one week to allow the Board to consider the information and return with a recommendation for action.

Department recommendations

DOT presented the Board with information related to the Department budget and organization structure. The Department is recommending the following:

- Reorganize the department around core functions vs. geographic areas
- Reduce the number of FTE's from 240 to 234
- Reduce the department indirect rate by 30% beginning in FY 2009-10
- Reduce budgeted staff costs by \$551,000 annually

The Department is requesting Board action on the following items:

- 1) Realign Engineering functions along core activities
 - a. Create three Engineering divisions around core functions of Planning, Design and Construction
- 2) Create a Chief Engineer Position
 - a. Department will return on 11/18 with job specification, salary schedule and revised personnel resolution
- 3) Eliminate the Division of Administration – Create a financial division under the direction of a Chief Financial Officer and move department Administration under an existing ASO reporting directly to the Department Head.
 - a. Delete the Deputy Director of Administration
 - b. Delete the Transportation Fiscal Services Manager
 - c. Add a Chief Financial Officer
 - d. Delete an Administrative Services Officer
 - e. Add a Sr. Department Analyst
- 4) Eliminate six (6) vacant positions in the department to achieve salary savings (It should be noted that the Sr. Civil Engineers are revenue generating positions, so there is an associated loss of revenue, or prolonging of project delivery, associated with these deletions)
 - a. Delete five (5) Sr. Civil Engineers
 - b. Delete an Administrative Technician
- 5) Target a 30% decrease in the indirect cost rate. This new billing structure would go into effect with the FY 2009-10 budget. It should be noted that this is not a reduction in Department costs. This is simply a cost shifting so that projects that require more management time get a direct bill vs. these costs being spread across all projects equally.

Chief Administrative Office recommendations

The Chief Administrative Office has reviewed the recommendations submitted by DOT and supports all the recommendations except as follows:

- 1) Delay consideration of the Chief Engineer position until the Department can demonstrate that it can achieve a 30% reduction in their indirect cost rate. In the interim, Department Head can more fully document lost opportunity costs associated with the ability to focus more attention on external issues, and benefits of adding a Chief Engineer position.

Summary

If the Board chooses the Department recommendation, the net effect will be as follows:

- Personnel allocation will be reduced by 6 FTE's (From 240 to 234) per the chart below

Position	Add	Delete
Deputy Director of Admin		-1
Sr. Civil Engineer		-5
Administrative Services Officer		-1
Administrative Technician		-1
Transportation Fiscal Manager		-1
Chief Engineer	+1	
Chief Financial Officer	+1	
Sr. Department Analyst	+1	
Total	+3	-9

- Department will recognize annual salary savings of approximately \$551,000
- The indirect cost rate will be reduced in FY 2009-10 due to direct billing by managers

If the Board chooses the CAO recommendation, the net effect will be as follows:

- Personnel allocation will be reduced by 7 FTE's (From 240 to 233) per the chart below:

Position	Add	Delete
Deputy Director of Admin		-1
Sr. Civil Engineer		-5
Administrative Services Officer		-1
Administrative Technician		-1
Transportation Fiscal Manager		-1
Chief Financial Officer	+1	
Sr. Department Analyst	+1	
Total	+2	-9

- Department will recognize annual salary savings of approximately \$678,000
- The indirect cost rate will be reduced in FY 2009-10 due to direct billing by managers

My staff and I remain available to answer any questions.

Cc Richard Shepard, Director of Transportation