



# County of El Dorado

## Chief Administrative Office

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To: Board of Supervisors

From: Terri Daly, Chief Administrative Officer

RE: Department of Transportation (DOT) Organizational Review

**Background:** As a result of economic pressures, the Department of Transportation worked on concepts to streamline its organizational structure for more than nine months and brought the first steps to the Board of Supervisors in May for consideration. On May 24, 2011, the Board approved the first steps of a reorganization of DOT, eliminating a layer of management and several administrative positions. As part of the approval, the Board directed the Chief Administrative Officer (CAO) to use internal resources to conduct an organizational review of DOT to recommend any further actions for departmental streamlining.

The first action of this further organizational review was a reconsideration of previous reports commissioned to analyze DOT's organizational structure and operations: the 2001 Organizational Study conducted by MIG and the 2004 Development Services Re-Organization Report by Scott Chadd. Though a bit dated, both reports provided overall organizational recommendations that could benefit DOT management through further review. The focus of this organizational review differed in two ways from those reports. First, the economy now requires a harder look at streamlining, efficiencies, and prioritization of projects to squeeze the most out of every dollar. We simply do not have the funding available to add staff, as suggested in one of the reports. The entire County organization is focusing on evaluating the services we offer by being more responsive to the community and less bound by costly procedures that do not produce the desired results. The other key difference is that this organization review was internally focused, based on the premise that the County employs experienced, talented DOT employees who can offer substantive ideas for organizational improvement.

Based on that latter premise, a team of experienced management experts were assembled to interview DOT employees. This management consulting team comprised Child Support Services Director Laura Roth, Human Services Director Daniel Neilson, Development Services Director Roger Trout, CAO Internal Auditor Russ Fackrell, and Principal CAO Analyst Sue Hennike. Members of the team met with 34 DOT employees using a specific set of questions for each interview. The questions focused on what was working well, what needed improvement, feedback about the priorities of the Department, and frustrations within the Department.

The process was explained to all DOT employees and volunteers for interviews were solicited. Employees volunteered to participate in the interviewing process and participation was kept confidential, including actual interviews taking place outside of the DOT offices. Because employee participation was voluntary, this review could be biased by the self-selection of the sample. In other words, employees who volunteered to be interviewed may have substantially different viewpoints than those who would not or did not volunteer.

In addition to employee interviews, the CAO conducted interviews with several members of the community who have had substantial experience working with DOT to gather additional input.

Once the interviews were completed, the management consulting team, along with Chief Budget Officer Laura Schwartz and me, met to review collected input and identify common themes that surfaced throughout the interviews. The team also reviewed ideas proposed by interviewees for improvement and proposed ideas resulting from their interviews. This report summarizes the input received from DOT staff and provides the management consulting team's recommendations for improvement.

### **What is working well?**

1. **Good employees who want to do a good job.** The interviewers were impressed with the positive focus of the DOT employees who were interviewed. A majority of those interviewed responded that good employees is one of the strengths of the Department.
2. **DOT is successful in getting grant funding.** The 2001 DOT Organizational Study cited "pursuit of funding" as an opportunity for the department. Now employees are noting that one of DOT's strengths is identifying and obtaining grant money.
3. **DOT's in-house IT support is strong.** Several interviewees offered praise for the competence of the IT staff working within the Department.
4. **DOT's Maintenance Division is very proactive and responsive.** A majority of those interviewed cited a strong road maintenance operation as an outstanding performer within the department.

### **What needs improvement?**

#### Issue #1: Communication

A common theme that surfaced from the interviews surrounded the lack or ineffectiveness of communication. Communication involves information flowing both ways—to the employees and from the employees—or to community members and from community members. DOT seems to have much more "top-down" communication, leaving employees feeling that decision-making is retained at the highest level and done behind closed doors. Meetings take place where only senior staff is allowed and the employees that know the most about the problem are not consulted

for input or opinion and, in effect, left out of the communication process. Without input, employees tend to feel de-valued within the organization and the organization suffers from lack of input from employees on the front line. In addition, inefficiencies are created due to additional time required to pass information up and down the chain.

#### Issue #2: Organization Silos

Relationships between units within DOT are not strong and are not cultivated, resulting in a lack of understanding among units of needs and expectations. Many interviewees identified an ongoing rift between the design and construction units. This lack of effective communications is exacerbated by the perception that management has a tendency to regard some responsibilities and functions as more important than others resulting in “kingdom building” by some units. Many employees cited an “us vs. them” mentality prevalent throughout organization. The lack of interaction between the administration unit and other units results in the admin unit regularly re-checking other units’ work creating duplication of effort and inefficiencies.

#### Issue #3: Project Management

A common theme that surfaced from the interviews is that DOT has “too many” engineers, but no project managers. Project management skills are unique from purely technical skills and DOT appears to not have a sufficient number of experienced staff with skills beyond the purely technical. DOT has a keen focus on the processes involved in the project, but no overriding focus on project delivery. For example, there appears to be hesitation among staff to forecast resource requirements or delivery dates due to fear of accountability. DOT has a very complex process for billing each employee’s time, but no management function for overseeing if that time expenditure is reasonable or directly related to moving the project forward.

#### Issue #4: Processes

Many comments were offered specific to the cumbersome nature of the contract process. For example, there appears to be no differentiation in the contract process with regard to the size or amount of the contract or amendment. The overriding perception is that the contract services unit has the highest standards of any unit in the County. Some individuals felt that several of the admin/finance processes included duplicative inefficiencies. There was significant calling for a better balance between perfection and efficiency.

#### Issue #5: Decision-Making and Priority Setting

The DOT Department suffers from a lack of well-defined priorities, according to the consensus of those interviewed. Many perceive that issues in the department are very political and that priorities are constantly shifting based on Board of Supervisor demands. While road maintenance is clearly the top priority and facilities issues usually falling to the bottom of the list, other priorities are based on just trying to “appease everyone”.

Without clearly defined priorities, the awarding of grant funding could pull the organization in directions that deviate from the overall priorities of the County. The Department gets a grant to

do a project and now that project is the top priority for completion—regardless of the number of people the project serves or the importance of the project.

#### Issue #6: Culture

Many interviewees mentioned that the Department seems to be plagued with poor employee morale and a fear of retaliation, summarized as a “finger pointing” culture. The perception is that underperformers are not being held accountable and timely performance evaluations are not done consistently. Projects are assigned to those that get work done, while others get to “slide”. There seems to be a reluctance to ask questions for fear of being criticized. The general perception is that, “You aren’t doing your job unless you find something wrong with the work that you are reviewing.” There appears to be more of a focus on finding what is wrong rather than a focus on delivering a project successfully.

An inconsistent management message is prevalent in DOT, as evidenced by the perception of “pet employees,” unacceptably harsh management approaches to others, a lack of coordination between employees and divisions, and an overall lack of focus on results. While some management employees have been cited as real assets to the organization, including the Deputy Director of Maintenance, there is a noted lack of consistency between managers within DOT. An overall lack of leadership has resulted in an organization that discourages employees to perform to their top potential.

### **Recommendations for improvement**

#### **Suggestion #1: Focus on internal and external communication**

DOT management needs to truly value two-way communication with employees and stakeholders, with a focus on gaining the trust and input of all employees. All input in good input, then management’s job is to evaluate the input and communicate back with employees on the decisions and actions. Specific suggestions to incorporate this value include:

- Institute an open door policy for all managers;
- Install and monitor a suggestion box, including feedback to the employees and community on what suggestions were received and the reasons for and against implementation;
- Institute monthly or weekly “coffee with the Director” sessions;
- Implement a weekly e-mail from the Director to all staff;
- Develop written procedures;
- Implement a quarterly status report to BOS with action items and follow up and previous action items;
- Hold quarterly all-staff meetings with updates on project progress and changes
- Hold monthly staff meetings for each division with all managers in attendance.

## **Suggestion #2: Break down the silos**

While actions in all the suggestion areas will help to break down the silos that exist between the various DOT units, the intention to accomplish better interaction within the Department needs to be clearly communicated. To specifically address better interaction between the divisions, the following suggestions are offered:

- Create internal problem-solving team comprising members of each division;
- Document assumptions about requirements between divisions and from other County departments (Auditor, CAO, CC, BOS) and discuss at staff meetings. Work to solve the communication break-downs. Clarify the requirements and then jointly re-work inter-department/division processes.

## **Suggestion #3: Focus on Project Management**

Each of the suggestions offered in this report interact with the others. A focus on project management clearly will include improved communications, breaking down the division silos and a change in the culture of the organization. This suggestion to focus on project management is important as a stand-alone to identify areas to streamline and to focus on the need to make project management a priority and invest time and resources accordingly. Specifically:

- Explore the option of bringing in consultant to look at project management practices and recommend training and/or new software;
- Assess current staff for project management skills;
- Create accountable project teams, which will further break down silos while focusing on project delivery;
- Use the CAO Internal Auditor to analyze and document current DOT processes and make recommendations to streamline;
- Assign a team to process improvement, with responsibility for identifying processes, results needed from the process and ways to improve the process;
- Working with the Risk Manager, perform a risk analysis and define acceptable level of risk for various projects and contracts;
- Analyze all business functions that DOT currently performs and do a cost/benefit analysis for potential outsourcing;

## **Suggestion #4: Dedicate management to changing the current culture.**

DOT top management must take the lead on changing the culture of DOT. Often a culture of blame is the result of a lack of clearly identified results. Clearly setting priorities and working toward those results can result in a change of a culture of blame to a culture of “can do”. Clear priorities and management toward the results can also result in pushing decision-making authority throughout the organization, resulting in better decisions, increased productivity and a greater sense of personal accomplishment and satisfaction among employees. Specific steps suggested in this area include:

- Include all employees in creating a Board-approved twelve-month action plan that sets priorities and allocates resources;

- Get employees involved in process improvement;
- Implement Supervisor training focused on empowering staff, discouraging competition, and encouraging problem solving, accountability and delegation;
- Provide more recognition by management for a job well done, including notes in the Director's weekly email updates highlighting positive employee performance;
- Shift towards positive accountability vs. punitive action;
- Update performance evaluations on all employees and include clear goals and objectives for the coming year;
- Focus on scope, schedule and budget with contingency set up for unexpected issues;
- Train managers to mentor and move towards positive change and efficiencies;
- Encourage collaboration between divisions and between departments;
- Work with the Chief Administrative Office to create a cross departmental team that analyzes the question, "How can we better serve the customer, both internal and external?"

### **Suggestion #5: Separate Facilities Management from DOT**

Facilities maintenance and management is now under the DOT umbrella because of a long-standing pattern of lack of success as a stand-alone General Services Department. The move of General Services from a stand-alone department to DOT three years ago was a necessary action to take to stabilize the services and employees. DOT management has stabilized the function and has done an admirable job of management facilities with greatly reduced resources. However, I believe it is now time to invest in focusing on the future of our County facilities and managing the multi-million dollar resource that we have.

I think that DOT has enough management issues currently to focus on with its need to re-focus its efforts on project delivery, improving communications and changing its culture. To accomplish those feats with multiple functions serving multiple audiences would be too daunting a task. For that reason, I recommend that the Board of Supervisors explore the feasibility of separating out the facilities management function into a department separate from DOT.

### **Next Steps**

We are requesting Board direction on implementing all the suggestions noted above. If the Board is supportive of these recommendations, the Chief Administrative Office will continue to work with the Director of Transportation to develop action plans that include the suggestions noted above. Specifically, the following steps are recommended for Board direction:

1. DOT Director draft a department improvement plan that specifies the recommendations that will be implemented and when, including the suggested actions on communication, silos, and culture change.
2. DOT Director draft a plan to improve the program management function of the department, including performing a cost/benefit analysis of current DOT business functions and explore alternatives including potential outsourcing, and working with the CAO office on recommendations to streamline internal DOT processes.

3. DOT Director develop a method for setting of Board-approved project deliverables for DOT.
4. CAO explore the feasibility of separating the facilities management function from DOT.
5. DOT Director to report quarterly on the progress of change within the Department.

#### Essential Elements

The Board of Supervisors has made it clear that a top priority for DOT is changing its culture and the way it does business. Being a clear priority for the Board is a critical element in the success of any change at DOT. However, an equally critical element is the need for top management buy-in and leadership. There is a clear need for change in the management style at DOT. It is management's obligation to recognize the challenges and come up with solutions on how to effect change and attain the desired results. What we are currently doing isn't working. We need to serve our customers better and the DOT Director and Assistant Director must lead the management team and the employees to make serving our customers the top priority.

Once again, I would like to offer my sincere appreciation to the staff at DOT and the organization review team for the investment in making the organization stronger and more efficient. We strive every day for process improvements that create better customer service and employee satisfaction.

Thank you for your consideration.