

DOT Organization Issues

The Board of Supervisors has raised concerns about the Department of Transportation's organization structure. Particular attention has been placed on the Department's overhead costs, administrative staff, and the number of executive managers. This paper provides an overview of these issues and provides recommendations that respond to the concerns raised.

Overview

The Department of Transportation is responsible for a variety of services (Airports, Management of Zone of Benefits, Tahoe Transit, etc.) the primary responsibility of the Department is to manage the planning, design, construction and maintenance of the County's highway system.

The following core functions are necessary to meet these responsibilities:

- **Maintenance** – The Department maintains over 1,100 miles of county owned highways. Maintenance activities include emergency response efforts necessary to keep the roadways open to traffic, snow removal, as well as the routine road maintenance efforts like surface repairs, striping, signing, ditching, etc. In addition, many of the maintenance activities require the use of heavy equipment. The maintenance of this heavy equipment is also a required activity. The Maintenance function is managed by a diverse workforce of both skilled and unskilled labor, heavy equipment operators, mechanics and technical staff.
- **Planning** – Planning for improvements to the highway system is vital to optimize the level of service provided to the public and to minimize long term operating costs. By monitoring existing conditions, safety and operational needs are identified. By forecasting future conditions and growth, other needs can be identified that respond to increasing traffic and maintenance demands. The identification of these needs form the basis for making capital improvements to the system. In addition, evaluating and coordinating land development proposals for consistency with the existing and future highway needs is a component of the Department's planning effort. The Planning function requires the use of professional planning and engineering staff.
- **Design** – Developing the needs identified through the Planning function into projects typically requires a formal design effort. Engineered solutions are evaluated to maximize benefits while minimizing costs. The Design function relies mainly on engineering and other technical staff.
- **Construction** – With few exceptions, government regulations require that capital improvement projects be opened for competitive public bidding. This creates a responsibility to advertise, award and administer construction contracts. Engineers, surveyors and other technical staff are the primary workforce for this effort.

In addition to the above core functions, the Department requires a significant amount of financial oversight due to the number of funding sources included in the Department's budget as well as other ancillary support staff that perform necessary administrative functions that allow the staff in the core functions to be more focused on core duties.

Existing Organization Structure

As shown in the existing organization chart, the Department currently has six divisions. Each division is managed by a Deputy Director.

- Maintenance – This division is responsible for all highway maintenance functions.
- Transportation Planning and Land Development – This division is responsible for managing the traffic circulation element of the County’s general plan, evaluating private land development proposals and identifying and programming the projects that are included in the Capital Improvement Program.
- Administration – This division handles all the financial and administrative efforts that have been centralized within the Department. All Department fiscal matters (budgeting and accounting) are either performed or coordinated by this division. This division also handles all the Department personnel transactions and provides a single point of contact with the Department of Human Resources on all personnel issues in all divisions except those originating in the Maintenance division.
- Tahoe Engineering and West Slope Construction – This division handles all planning, design and construction activities in the Tahoe Basin. It also handles all the Construction activities on the West Slope.
- West Slope Engineering – This division handles all the project delivery and engineering activities on the West Slope east of Cameron Park. Centralized services that support project delivery (Right of Way, CADD, and Surveys) are managed by this division. In addition, the management of the Airports has been placed in this division.
- Foothills Engineering – This division is responsible for all the project delivery and engineering on the West Slope west of Cameron Park.

Organizational Concerns

- Overhead rate is higher than necessary – The Department operates under a policy that fully recovers all expenses. Since most activities in the Department are funded from special revenue sources, this full recovery policy minimizes the need to include general fund revenues for the normal operating expenses of the Department. This full recovery policy is implemented in accordance with State and Federal accounting rules and is accepted as standard practice for determining appropriate billing costs for federal and state grants. In essence, all department costs (including those costs from other County Departments) that are not directly billable to a specific project are distributed to all the projects as indirect charges. All facilities (rent, utilities, etc.) administrative (supplies, clerical and other administrative staff time) and management (primarily staff time) costs are included as indirect charges.

Under the current methodology, rather than having department managers direct bill projects when appropriate, all department managers are included in the indirect costs. This methodology has a tendency to penalize projects that require very limited input from management staff while subsidizing those projects that require a lot of management support.

- Administrative costs are high - Due to the limited success the Department has experienced in hiring engineering staff, a focused effort has been placed on “off-loading” non-engineering work to administrative and technical staff. In addition, to meet project delivery schedules, the Department has contracted much of its engineering work out. The increased contracting out has had a direct impact on the increased administrative workload in the Department. The net effect of the increased contracting-out workload and the “off-loading” of non-engineering work to other staff, has been an increase in the need for administrative and other Department support staff.

While the above issues have purposely led to an increase in administrative workload, other issues have risen that have also led to an increase in administrative workload. The administrative procedures used to develop, execute, and administer a contract are arguably onerous. The smallest value contracts receive the same administrative attention as large ones. Over two years ago the County placed much attention on the Department’s contract administration efforts which resulted in the current practices. For the purposes of this overview, no additional study has been made on the Department’s contracting procedures since they appear to be operating well. However, it would be appropriate to re-evaluate the process for added efficiencies.

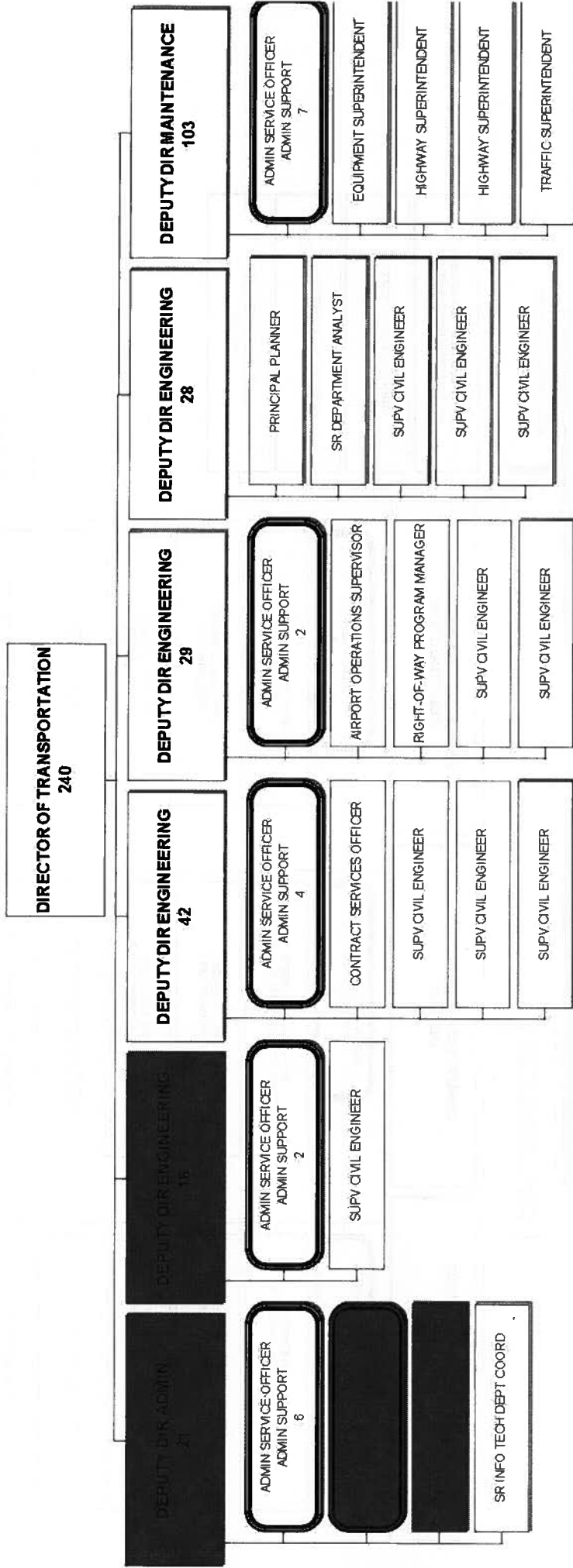
There are other administrative functions performed by the Department that are not unique to the Department but are pervasive throughout the county. There may be much savings to the County if a process review was made on the duplicative work being performed by multiple departments in the procurement of goods and services and the payment of invoices.

- No single engineering authority – The Department has multiple engineering functions reporting to the Director of Transportation. Government code does not require that the Director of Transportation be a licensed engineer. In cases where the Director is not a licensed engineer the position will not be able to arbitrate a conflict in engineering opinions within the Department. This could increase the County’s tort exposure if the conflicts in engineering opinions impact the safety of the public.
- Limited “external focus” by the Director – The County reaps many benefits when the Director is able to spend more time with external issues. Working closer with SACOG, TRPA, Caltrans, CEAC and other “sister agencies” places the county in a collaborative position that helps with crafting legislation, obtaining grants, as well as gaining support for a variety of other project approval needs.
- Market for transportation engineers is limited – The Department relies heavily on transportation engineers to deliver capital improvement projects. As evidenced by the limited success rates of recruitment efforts the Department many vacancies and therefore insufficient engineering staff to meet its workload. To minimize project delivery slippages, the Department relies heavily on augmenting the deficient staff numbers with overtime and contracted consultant help. Both of these methods of resource augmentation are typically considered cost effective short term strategies but multi-year staffing plans indicate that this condition is not short-term. This contracting out strategy creates additional project delivery costs (estimated at over 20%). Recruitment and retention of experienced engineers is difficult.

Recommendations

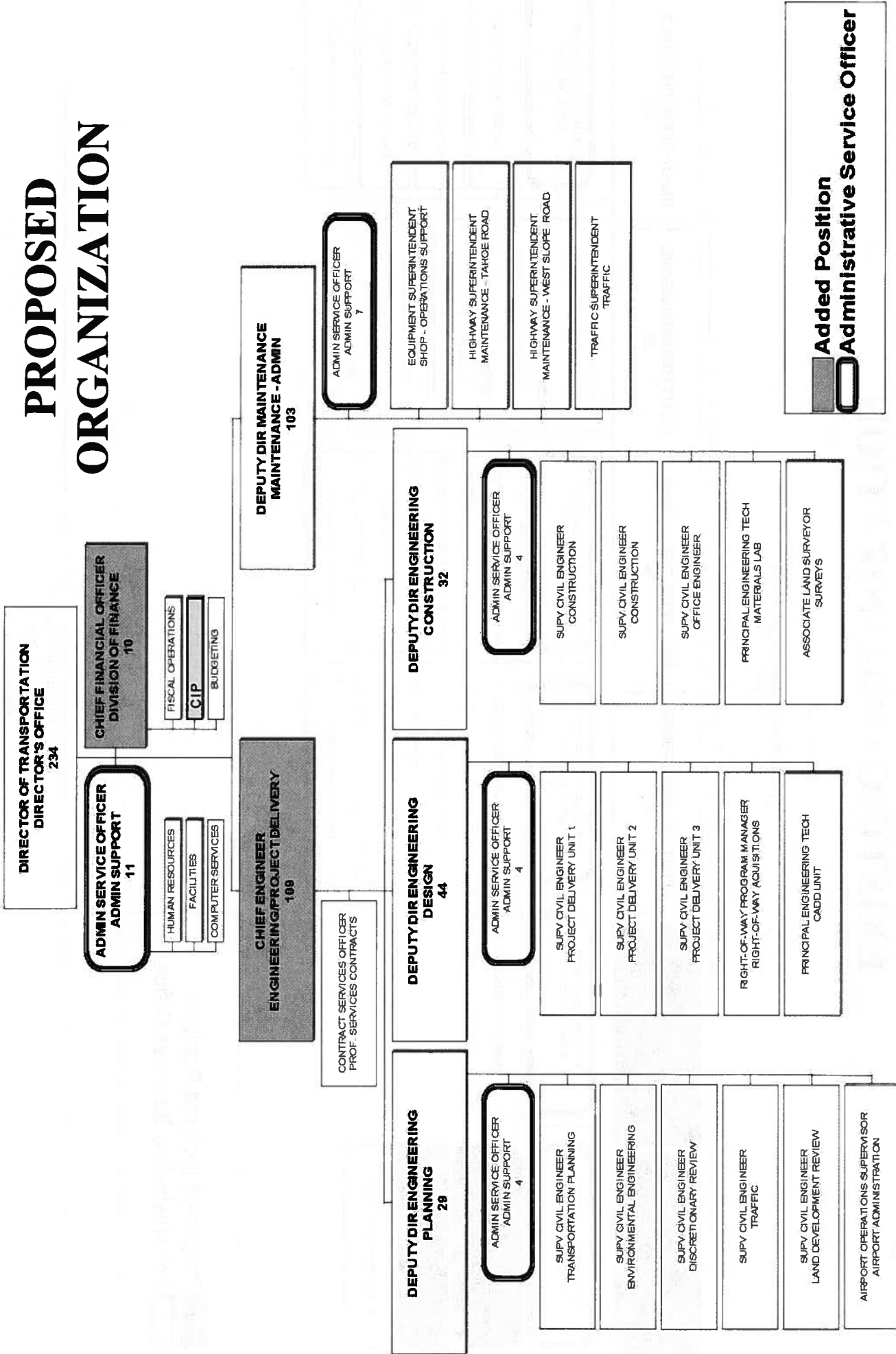
1. Create a Chief Engineer position to consolidate all engineering functions in the Department and allow the Director to focus more time external to the Department.
2. Realign the Department's engineering divisions in accordance with core functional activities (Planning, Design and Construction)
3. Separate existing fiscal and administrative responsibilities by eliminating the Administration Division and having independent reporting to the Director.
4. Reduce Department management staff and budgeted staff costs by approximately \$551K through the elimination of 6 vacant positions and by taking the following specific actions:
 - a. Delete 4 management positions
 - i. Deputy Director of Engineering.
 - ii. Deputy Director of Administration position
 - iii. Transportation Fiscal Manager
 - iv. Administrative Services Officer
 - b. ADD 2 management positions
 - i. Chief Engineer – This is a new position that would manage all engineering functions in the Department. The salary would be set between the existing Deputy Engineering positions and the Director.
 - ii. Chief Financial Officer – This position would assume all financial operations in the Department.
 - c. ADD 1 Staff position
Senior Department Analyst – This position would work for the Chief Financial Officer and handle all the financial issues and cash proformas for the Capital Improvement Program (existing staff is a “non-supervising ASO”)
5. Reduce overhead costs by implementing more direct project charging in fiscal year 2009-10 by all management staff. Goal is to reduce indirect charges by 30%.

EXISTING ORGANIZATION



Proposed Deleted Position
Administrative Services Officer

PROPOSED ORGANIZATION



Added Position
Administrative Service Officer