

CITY OF OAKLAND
AGENDA REPORT

2010 APR 15 PM 5:18

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community & Economic Development Agency & Public Works Agency
DATE: April 27, 2010

RE: **Ordinance Amending Chapter 2.29 Of The Oakland Municipal Code, Entitled, "City Agencies, Departments and Offices", Which Established The Organizational Structure Of The City Under The City Administrator's Jurisdiction In Accordance With The Requirements Of City Charter Section 600, To Transfer The Department Of Engineering And Construction From The Community And Economic Development Agency To The Public Works Agency**

SUMMARY

The purpose of this report is to seek City Council approval to amend the Oakland Municipal Code, Chapter 2.29, entitled "City Agencies, Departments and Offices" to effectively transfer the functions of the Department of Engineering and Construction (DEC) from its current location under the Community and Economic Development Agency (CEDA) to the Public Works Agency (PWA) effective July 1, 2010.

FISCAL IMPACT

The transfer of DEC to PWA would result in the transfer of 150.70 FTE, and their associated funding, which is spread across various funding sources. The FY 2010-11 CSO (Central Service Overhead) rates for CEDA (24.89%) and PWA (24.12%) are comparable so there is no significant fiscal impact that will result from the reorganization. In addition, there would be no adjustments made to the Departmental and Divisional Overhead rates applied internally to the DEC organization. Any adjustments made in future years to align DEC Departmental and Divisional Overhead rates with those currently existing in PWA should be cost neutral.

BACKGROUND

Three years ago, as part of the adoption of the FY 2007-09 budget, the City Council authorized the City Administrator to transfer DEC (formerly known as the Design and Construction Services Department, DCSD) to the Community and Economic Development Agency. On July 1, 2007, DEC and the Watershed Program (formerly housed under the Environmental Services

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Division, PWA) were transferred from PWA to CEDA. The reorganization was intended to support three primary objectives¹:

1. Consolidate engineering services under the City Engineer.
2. Improve the review and approval of private development projects.
3. Streamline the delivery of capital improvement projects.

KEY ISSUES AND IMPACTS

Since the reorganization of DEC under CEDA, several internal discussions and studies and have been conducted leading to similar conclusions that the City of Oakland would be better served with the location of DEC under PWA in terms of efficiency and effectiveness in managing the public infrastructure, as well as a re-focusing of CEDA on workforce development, business recruitment and redevelopment.

The Public Financial Management (PFM) Group

The Strategic Planning Services report to the Office of the Mayor from the Public Financial Management (PFM) Group was released in January 2009. In this report, PFM recommends that the City engage in major organizational assessment and process re-engineering in the Community and Economic Development Agency, to re-focus on workforce development, business recruitment and redevelopment as a step toward realizing economic development as a core component of the Mayor's Model City vision. It also stated that such an assessment would involve a detailed review of the organizational structure and that such a review was not completed when "Design, Engineering and Construction" (referring to DEC) was moved from PWA to CEDA in 2007.²

The Matrix Consulting Group

The Performance Audit of the Public Works Agency, commissioned by the City Auditor, was released on April 29, 2009. The audit was completed by The Matrix Consulting Group (MCG), a recognized authority in municipal public works auditing, and selected through a competitive Request For Proposal (RFP) process. Under the category of Organization Structure and Staffing, MCG recommends that the Department of Engineering and Construction (DEC) be transferred from CEDA to PWA.³ The recommendation was based on a comparative study of the typical plan of organization for public works departments and the rationale being that engineering staff

¹ A report to the City Council dated November 27, 2007, entitled "Status of the Public Works Agency – Community and Economic Development Agency Reorganization" discusses the process employed to implement the reorganization.

² "Report to the City of Oakland, California, Office of the Mayor, Strategic Planning Services," January 2009, The PFM Group, page 53.

³ City of Oakland, Office of the City Auditor, "Performance Audit of the Public Works Agency," The Matrix Consulting Group, April 29, 2009, page 423.

and asset maintenance staff need to work closely to promote a cost-effective life cycle for the City's infrastructure.

Staff's response to the PFM and MCG recommendations was that there is merit to housing DEC within PWA, but that the objective of consolidating Engineering Services functions (including plan review, mapping, etc.) under one organization (DEC) still needed to be achieved before the transfer to PWA should be effected. MCG's rebutted staff's response reaffirming that, "with or without the inclusion of the Engineering Services function in DEC, DEC should be transferred to PWA." However, MCG also stated that, "It would be preferable, and it is the prevailing practice among peer cities, to include the Engineering Services function in DEC and to locate DEC in the PWA."⁴

Internal deliberations on this topic lead to a general consensus that DEC should be housed under PWA for a myriad of reasons, but most notably for improved distribution of shared funding sources between DEC and PWA, the alignment of engineering and maintenance functions along program lines (e.g., street/sidewalk management, sewer system management, and storm drain system management), and the long-term planning and prioritization of investment in the City's infrastructure assets.

Staff will continue to build upon and strengthen those partnerships established between DEC and CEDA, including CEDA Planning and Redevelopment and CEDA Engineering Services.

SUSTAINABLE OPPORTUNITIES

Economic: City Council action on this report will not generate any economic opportunities for the City of Oakland.

Environmental: City Council action on this report will not generate any environmental improvements or issues for the City of Oakland.

Social Equity: City Council action on this report will not generate any social equity opportunities for the City of Oakland.

DISABILITY AND SENIOR CITIZEN ACCESS


City Council action on this report will not generate any disability and senior citizen access opportunities.

⁴ City of Oakland, Office of the City Auditor, "Performance Audit of the Public Works Agency," The Matrix Consulting Group, April 29, 2009, page 534.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the report and accompanying legislation.

Respectfully submitted,



Vitaly B. Troyan, P.E., Interim Director
Public Works Agency



Walter Cohen, Director
Community & Economic Development Agency

Prepared by:
Stephanie Hom, Agency Administrative Manager
Public Works Administration

Michael Neary, Deputy Director
Department of Engineering and Construction

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:



Office of the City Administrator

INTRODUCED BY COUNCIL MEMBER
OFFICE OF THE CLERK
OAKLAND

City Attorney

2010 APR 15 PM 5:18

OAKLAND CITY COUNCIL

DRAFT

ORDINANCE No. _____ C.M.S.

ORDINANCE AMENDING CHAPTER 2.29 OF THE OAKLAND MUNICIPAL CODE, ENTITLED, "CITY AGENCIES, DEPARTMENTS AND OFFICES", WHICH ESTABLISHED THE ORGANIZATIONAL STRUCTURE OF THE CITY UNDER THE CITY ADMINISTRATOR'S JURISDICTION IN ACCORDANCE WITH THE REQUIREMENTS OF CITY CHARTER SECTION 600, TO TRANSFER THE DEPARTMENT OF ENGINEERING AND CONSTRUCTION FROM THE COMMUNITY AND ECONOMIC DEVELOPMENT AGENCY TO THE PUBLIC WORKS AGENCY

WHEREAS, Section 600 of the Charter of the City of Oakland provides that the City Council shall by ordinance provide the form of organization through which the functions of the City under the jurisdiction of the City Administrator are to be administered; and

WHEREAS, in 1999 the Council passed Ordinance No. 12186, C.M.S. which established in Chapter 2.29 of the municipal code the organizational structure of the City; and

WHEREAS, the FY 2010-11 Midcycle Policy Budget provides for organizational restructuring to promote operating efficiency; and

WHEREAS, to provide better efficiencies and cohesion in the program operations of streets, sidewalks, sewers, and storm drains, by transferring the Department of Engineering and Construction from the Community and Economic Development Agency to the Public Works Agency effective July 1, 2010; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by ~~strike-through~~ type); there are no changes in the portions of the sections that are not cited or shown in underscoring or strike-through type.

Section 2.29.050 Public Works Agency.

There is established in the city government a Public Works Agency which shall be under the supervision and administrative control of the City Administrator. The powers, functions, and

duties of said agency shall be those assigned, authorized and directed by the City Administrator. The management and operation of the Public Works Agency shall be the responsibility of the Director of Public Works, subject to the direction of the City Administrator. In the Public Works Agency there shall be the following divisions: Administration, Infrastructure and Operations, and Facilities and Environment, and Engineering and Construction.

Section 2.29.070 Community and Economic Development Agency.

There is established in the city government a Community and Economic Development Agency which shall be under the supervision and administrative control of the City Administrator. The powers, functions and duties of said agency shall be those assigned, authorized and directed by the City Administrator. The management and operation of the Community and Economic Development Agency shall be the responsibility of the Director, subject to the direction of the City Administrator. In the Community and Economic Development Agency there shall be the following divisions: Administration, Planning and Zoning, Building Services, Economic Development, Redevelopment, ~~Engineering, Planning and Design~~, and Housing and Community Development.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION: _____