





Office of the City Auditor

**AUDIT OF
THE PUBLIC WORKS AGENCY
City of Oakland, California**



May 12, 2009 - Special Public Works Comm.
Item #4

Audit Objective

- To conduct a comprehensive organization and management analysis of the Agency's existing operations, organizational structure, infrastructure management and service levels.



Methodology

- Conducted in accordance with Government Auditing Standards as developed by the Comptroller General of the United States
- Review of Agency activities, including organizational structure, service levels, infrastructure management and staffing levels
- Interviews with managers and supervisors (83 interviews)
- Employee questionnaire, 76% of whom responded
- Citizen questionnaire posted on City Auditor's website (343 responses)
- Community focus groups (61 participants)



Scope of the Audit

- **Measures of success** - Are there mechanisms in place to determine whether systems are working?
- **Organizational structure** - Does the currently existing structure optimize efficiency and effective service?
- **Workforce** - Are productivity and staffing levels adequate? What are the attendance patterns?
- **Funding** - Is there adequate funding to meet goals?



Scope of the Audit (Cont'd)

- **Business Processes** - Are the current ones effective?
- **Benchmarking** - How do we compare with other cities?
- **Opportunities for improvement** - What changes can be made to increase efficiency and effectiveness?



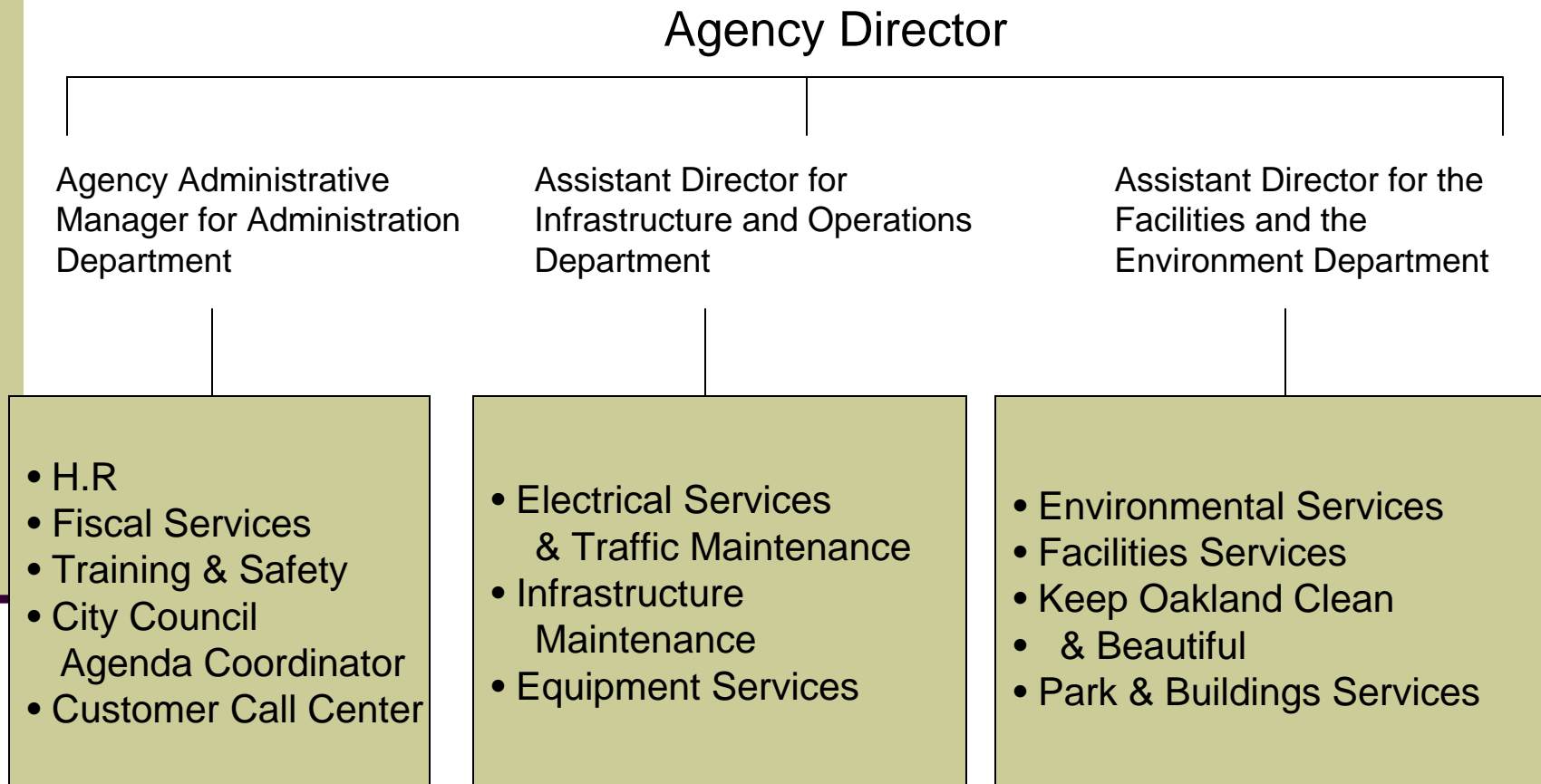
What does the PWA do?

Maintains the City of Oakland's Infrastructure

- Streets and sidewalks
- Parks and other landscaped areas
- Sewers and storm drains
- Buildings and structures
- Vehicles and equipment
- Trees
- Street lights
- Traffic signals
- Environmental services
- Keep Oakland Clean and Beautiful



PWA Organizational Structure



Employee Staffing Levels

- FY 2005-06 838.16
- FY 2008-09 645.03

Change is primarily accounted for by the transfer of the Engineering and Construction Department from the Public Works Agency to the Community Economic Development Agency.



What the Employees Said

- 75% of all employee responses were positive
 - Employee safety is a high priority
 - Opportunities exist for improving skills
 - Strong feeling of working in a team environment
 - Sufficient tools and equipment to effectively perform job functions
 - Agency instills a sense of personal accomplishment



What the Employees Said (cont'd)

- 25% of all responses were negative
 - Inadequate clerical support
 - Employee ideas to improve operations are often not considered; employees are not included in Agency decision-making
 - Inequitable balance of the workload among employees
 - Vehicle conditions tend to be compromised



What the Public Said

- 343 respondents to questionnaire posted on the City Auditor's website
 - Majority of respondents found Agency employees to be courteous and professional in responding to service requests
 - 54% of respondents were unaware of the existence of the Agency Call Center
 - Many respondents acknowledged that they had to contact their City Council representative for help in resolving a complaint



Agency's Accomplishments

- Oakland PWA is one of 52 agencies accredited by the American Public Works Association
- The Agency has developed a “PWA Deliverables Index”
- Sanitary sewer plans have been developed to guide the maintenance and rehabilitation of the sanitary sewer collection system
- The Agency is installing Azteca Cityworks, a computerized maintenance management system
- Fleet Focus has already been installed, and serves as an effective way to manage fleet assets



Agency's Accomplishments (Cont'd)

- Oakland has been awarded a Tree City USA award for 24 years
- Oakland Parks Coalition's annual condition assessment of the parks found many parks showed improvement from 2006 to 2007
- Agency conducts regular meetings between management and supervisory staff to foster communication
- "SustainLane Government" ranked Oakland 9th overall in the country in environmental sustainability
- Tools have been developed to assure accountability of custodial staff, including task lists, inspection forms, etc.



Agency's Accomplishments (Cont'd)

- Storm water drain inlets are cleaned once a year
- Agency focuses on “hot spots” to help in graffiti abatement
- The City contracts with Team Oakland, a youth employment program for 100 youth to “clean and green” the City
- All bulbs used in streetlight fixtures are high-pressure sodium (energy-efficient, with a life of approximately five years)
- Keep Oakland Clean & Beautiful division uses furlough inmates to assist in vegetation control on city lots and medians



Key Initiatives

- Management accountability
- Identifying core services
- Effective asset-management systems
- Preventive maintenance program
- Cost-effective service delivery
- Identification of other sources of revenue
- Organizational structure that enhances accountability



Management Accountability

- The driving force behind any high-performing organization is clear management accountability and having management systems in place that enhance the organization's effectiveness. To enhance management accountability, PWA needs to take a number of actions.
 - Clarify its goals
 - Implement performance measurement reporting systems for each unit within the Agency
 - Improve communication within the Agency
 - Improve communication with residents and businesses of Oakland



Management Accountability (cont'd)

- Develop formal work planning and scheduling systems in all divisions
- Improve attendance management
- Utilize Azteca Cityworks to enhance maintenance management in all field operations
- More effectively utilize GPS to manage service levels and productivity



Core Services

- The City of Oakland is in a difficult position -- investments are needed to repair and rehabilitate the City's infrastructure and to enhance essential services; yet because the City's financial condition is not strong, it lacks the resources to make these investments. However, the Agency can improve infrastructure and provide essential services.
 - Strengthen efficiency and effectiveness of existing operations
 - Impose new service fees and increase existing ones



Core Services (cont'd)

- Reduce the range of services the Agency provides
- Reduce the level of service for medians and mini-parks
- Reduce the level of service for vegetation control of vacant lots
- Reallocate the cleaning of downtown area to Business Improvement District
- Reduce the level of service for painting interior and exterior of City buildings
- Allocate cleaning and maintaining of litter containers along downtown streets to City's solid waste contractor



Asset Management

- Asset management focuses on the performance, preservation, and anticipated longevity of infrastructure assets. Effective asset management relies upon accurate information about assets so that decisions about the condition and performance of those assets can be made, with a long-term view toward their preservation and renewal.
 - Develop long-term plans for implementing storm drainage master plan. The Agency does not have the funding to meet most of the needs identified in the master plan.
 - Update long-term plan for sanitary sewer collection system. The City should be spending approximately \$7.5 million annually for replacement and relining of its sanitary sewer mains.
 - Increase the annual capital outlay funding for slurry seal of City's streets to fund not less than \$8.75 million annually.



Asset Management (cont'd)

- Develop a five-year equipment replacement plan. The City should increase its funding for the replacement of the equipment fleet by \$5.5 million annually.
- Develop a long-term plan for renewal and replacement of traffic signal controllers. The City should be spending approximately \$500,000 annually for signal controller replacement.
- Develop a long-term plan for renewal & replacement of sign system.
- Develop a five-year plan for renewal and rehabilitation of the parks system. At present, the level of capital expenditures for renewal and replacement of the City's parks represents 0.49% of the City's 2007 – 2012 capital improvement program.



Preventive Maintenance of Infrastructure

- It is worth preserving the significant investment that Oakland citizens have in their streets, sidewalks, traffic signals, signs, parks, streetlights, waste water sewer collection and storm water collection systems. Preventive maintenance reduces long-term costs by maximizing the operating capacities of an asset, minimizing downtime, and avoiding breakdowns that would otherwise lead to higher repair costs later.
 - Streets and Sidewalks Section should increase the extent of major paving, pothole patching, base repair, and skin patching
 - Electrical Maintenance Section should develop a preventive maintenance program for traffic signal systems, traffic signs, pavement marking, and street striping



Preventive Maintenance of Infrastructure (cont'd)

- Facilities Management Division should develop a strategy to preventively maintain the City's buildings
- Equipment Services should enhance the preventive maintenance of the City's fleet
- Sanitary Sewers should enhance the preventive maintenance of the City's sanitary sewer system



Cost-Effective Service Delivery

- The Agency can help reduce its costs and increase its productivity, performance, and service levels by redesigning and reengineering the way services are delivered. This strategy includes addressing staffing issues to make operations more efficient and effective, and reexamining City vehicle policies.
 - Reduce staffing in selected areas and increase in others
 - Change mix of talents in delivery of services to obtain higher levels of skills necessary to maintain City's assets, without increasing the number of positions
 - Enhance level of service provided to residents and businesses by more efficiently deploying services in such areas as street-sweeping, major paving, illegal dumping, etc.



Cost-Effective Service Delivery (cont'd)

- Reduce crew sizes in areas such as tree maintenance, sanitary sewer maintenance, street and sidewalk maintenance, etc.
- Eliminate underutilized vehicles – a reduction of 210 vehicles
- Eliminate vehicle allowances for City employees designated as Category III and IV



Financial Management: Current Sources of Funding

- FY 2008-09 Budget = \$118,701,366
- General Purpose Fund provides \$2,427,861 or 2% in operating funds
- Similar cities provide a higher level of general fund support to public works:

| City | General Fund Support |
|------------|----------------------|
| Long Beach | 17% |
| Anaheim | 19% |
| Fresno | 26% |



Financial Management: Current Sources of Funding

- The Recycling Fund
- The Comprehensive Clean-up Fund
- The State Gas Tax
- The Sewer Service Fund
- The Equipment Fund
- The City Facilities Fund
- The Landscape & Lighting Assessment District Fund



Financial Management: Alternative Sources of Funding

- Impose a construction road impact fee
- Impose impact fees for sanitary sewers, storm water sewers, and parks (waive or reduce these fees for affordable housing)
- Redevelopment Agency should provide funding for street, sidewalk, and storm water projects in redevelopment project areas
- Seek out sponsors and partnerships for rehabilitation of parks and trees
- Use the financial resources of the Sewer Service Fund for the maintenance, repair, and rehabilitation of City's waste water collection system



Financial Management: Alternative Source of Funding (cont'd)

- Seek voter approval for a special tax solely to provide funding for direct cost of acquisition and maintenance of improvements related to parks, landscaping, and street trees, to supplement existing annual revenue generated by Citywide Landscape and Lighting Assessment District
- Seek voter approval for a tax override for maintenance of parks, street trees and parks trees



Organizational Structure

- The organizational structure of the Agency should be modified to enhance accountability.
 - ✓ Responsibility for City buildings should be **consolidated** with the Facilities Manager to eliminate fragmentation of this service between the Parks and Buildings Division and the Facilities Services Division
 - ✓ Responsibility for managing the urban forest, parks, medians, and vegetation should be **consolidated** with a Parks Manager to eliminate fragmentation of these services between Keep Oakland Clean & Beautiful, and the Parks and Buildings Division



Organizational Structure (cont'd)

- Responsibility for management of streets and electric services should be **consolidated** with a PW Operations Manager in the Electrical Services and Traffic Maintenance Division
- Responsibility for electrical engineering and architecture services should be **transferred** to the Engineering and Construction Department from Electrical Services and Traffic Maintenance Division and the Facilities Division
- Engineering staff assigned to Building Services (development engineering) should be assigned to the Engineering and Construction Department.
- The Engineering and Construction Department should be **transferred** from the Community and Economic Development Agency to Public Works



Organizational Structure (cont'd)

- Responsibility for ball field preparation and maintenance should be **transferred** from the Office of Parks and Recreation to the Parks and Buildings Division
- Maintenance of public restrooms in parks should be **transferred** from the Facilities Services Division to the Parks and Buildings Division



Recommendations

- ✓ Report sets forth over 290 recommendations for the PWA to implement, so that it may become a progressive modern public works organization.
- ✓ Some of the recommendations can be addressed now, and some are dependent upon funding, technology, or staffing.
- ✓ The challenge of fundamentally reshaping how the Agency manages itself, strengthening service delivery, and retooling its workforce is a daunting one.
- ✓ Initially, the Agency should first develop a plan of implementation for these recommendations.





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END

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