

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 NOV 15 PM 4: 14

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: November 27, 2007

RE: **Status of the Public Works Agency – Community and Economic Development Agency Reorganization**

SUMMARY

As part of the adoption of the FY 2007/09 Budget, City Council authorized the City Administrator to consolidate engineering functions within the Community and Economic Development Agency (CEDA). The realignment and consolidation of engineering functions was initiated to address concerns about coordination between CEDA and the Public Works Agency (PWA) regarding infrastructure improvements and development projects.

The reorganization was designed to support three primary objectives:

- Consolidate Engineering Services under the City Engineer
- Improve the Review and Approval of Private Development Projects
- Streamline the Delivery of Capital Improvement Projects

CEDA has begun the process of reorganization by involving staff in the decision making process. At the heart of the improvement process are 13 volunteer Task Forces created to address areas suggested for improvement by stakeholders. This report provides an update on the progress made by CEDA and outlines the next steps required to fully implement the consolidation of engineering services.

FISCAL IMPACT

Since this is a status report only, no fiscal impacts are included.

BACKGROUND

As part of the adoption of the FY 2007/09 Budget, City Council authorized the City Administrator to consolidate engineering functions within the Community and Economic Development Agency. On July 1, 2007, the Design and Construction Services Department (DCSD) and the Watershed Program were transferred from the Public Works Agency (PWA) to the Community and Economic Development Agency (CEDA).

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CEDA management developed a Transition Plan and identified the resources required to accomplish the reorganization. On July 16, 2007, Vitaly Troyan was hired as the Interim City Engineer. Mr. Troyan was tasked with evaluating the existing DCSD, with particular emphasis on work flow, functional relationships, fiscal management and timely project review.

Over the past four months, CEDA management has met with employees, consultants, contractors and labor officials to receive input about making DCSD a more efficient, effective and fun place to work. At the heart of the improvement process are 13 volunteer Task Forces created to address areas suggested for improvement by stakeholders.

Staff from PWA and CEDA are working together to ensure that critical linkages between DCSD engineers and PWA operations and maintenance personnel are maintained. Discussions regarding emergency preparedness and joint training exercises have also been held.

KEY ISSUES AND IMPACTS

The realignment and consolidation of engineering functions was initiated to address concerns about coordination between CEDA and PWA regarding infrastructure improvements and development projects.

The reorganization was designed to support three primary objectives:

1. Consolidate Engineering Services under the City Engineer:

Over time, engineering services at the City have become fragmented, leading to engineering groups too small to provide the broad range of services required by a major city. Fragmentation leads to each agency creating their own version of plans, specifications and ways of doing business. The inconsistency makes it more difficult for consultants and contractors to provide efficient services.

Consolidation increases the ability of the organization to meet changing work loads, create a rotation program to improve professional development and to increase oversight by experienced professional engineers. It should also facilitate improved communication between the planning and engineering disciplines, an important relationship in the review of potential development projects.

2. Improve the Review and Approval of Private Development Projects:

The review of development proposals involves many City Departments, each responsible for a particular function – Planning, Zoning, Traffic, Building Code Compliance, Subdivision Maps, Sewers, Streets, etc. Responsibilities frequently overlap and there is extensive discussion regarding approval authority. Consolidation of engineering services under one agency will make

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it easier to review and issue permits for public infrastructure improvement plans. The application of new and revised engineering standards will provide for consistency in review.

3. Streamline the Delivery of Capital Improvement Projects:

The standardization of procedures and design criteria used to deliver projects will make it easier for contractors and consultants to work with the City. The Project delivery Division will also implement modern cost and schedule control systems to deliver projects faster, better, and cheaper. Staff will also develop a process for improved client coordination.

PROGRAM DESCRIPTION

The purpose of the reorganization and consolidation of engineering functions is to create a more effective organization that provides better service to both internal and external customers. A more detailed description of accomplishments and reorganization status is included as Attachment A.

1. Work Flow Improvement

On September 5, 2007, over 40 employees volunteered to participate in a “brain storming” session to identify ways to improve engineering services. The organic process resulted in the establishment of 13 volunteer Task Forces to address the areas suggested for improvement. Stakeholders from other City Agencies and CEDA Departments are participating on the Task Forces. The Task Forces are expected to come forward with recommendations over the next few months.

The areas selected for improvement are:

- Task Force 1 - Improve the Development Review Process
- Task Force 2 - Improve the Project Delivery Process
- Task Force 3 - Improve Use of Geographic Information Systems
- Task Force 4 - Customer Service
- Task Force 5 - Rotation Program
- Task Force 6 - Improve Relations with City Council
- Task Force 7 - Improve the Construction Contracting Process
- Task Force 8 - Consultant Hiring
- Task Force 9 - Standardize Preparation of Plans and Specifications by Consultants
- Task Force 10 - Develop a Procedures Manual for DCSD
- Task Force 11 - Develop a Transportation Manual for DCSD
- Task Force 12 - Archiving Reports
- Task Force 13 - Increasing Use of Technology

2. Organizational Changes

Some organizational changes have already been identified. CEDA management is reviewing the proposals with union leadership and the changes will be implemented by early December, 2007.

- a) **Consolidate Traffic Engineering and Planning Functions:** Traffic Engineering responds to neighborhood concerns and plans capital improvements. They will be joined by a new Traffic Planning Group (using existing resources). Together they will be more responsive to the needs of development review, planning, and project implementation.
- b) **Combine Storm Water Management Functions:** The Storm Water Management Group will combine CEDA environmental specialists with DCSD engineers to manage storm water from the top of the watershed until it is discharged to the estuary. They will provide the expertise to implement the requirements of the Municipal Storm Water Discharge Permit.
- c) **Unify Project Delivery Responsibilities:** A unified Project Delivery Division will standardize planning, design and construction management processes. A new Project Delivery Manual will provide guidance to the project managers and help to deliver projects better, faster and cheaper.

3. Financial Issues

A review of funding sources and tracking mechanisms revealed several weaknesses.

- a) **Sewer Service Fund:** A joint review by PWA and CEDA Fiscal during the last 90 days identified a \$3 million deficit in the operating budget. CEDA and PWA are reviewing the operating budgets to identify ways to eliminate the \$3 million deficit. CEDA intends to balance the operating budget by the end of the fiscal year.

The current list of capital projects shown in the sewer service fund is \$20 million more than the funds available. The project list does not include all of the capital improvements required to complete the City's obligations under the Environmental Protection Agency's order to address the City's infiltration/inflow problem. An evaluation of the funding requirements to complete the program is on-going. In addition, recent evaluations of the sanitary sewer pump stations have identified a need for capital improvements of about \$15 million. Staff will submit recommendations concerning options for addressing these deficits during the mid-cycle budget review or before.

- b) **Storm Drainage System Funding:** The key challenge facing storm water management in Oakland is the lack of dedicated funding for the storm water drainage system. The City of Oakland has no storm drain fee and the storm drainage system is in need of significant improvements, as stated in the Storm Drain Master Plan. The Oakland Municipal Code, Section 13.04.060, Sewer Service Charge Fund, sets a limit

of 5% of Sewer Service Fund expenditures going for costs associated with the storm drainage system. The current budget for storm drain maintenance projects and programs for FY 2007-09 exceeds this limit, due to the need for critical storm drain system maintenance. In addition, a significant increase in program costs is expected to occur when the new Municipal Storm Water Permit is adopted by the San Francisco Bay Regional Water Quality Control Board in 2009. Staff will submit recommendations concerning options for addressing storm drain system funding requirements and the 5 % limit on the Sewer Service Fund during the mid-cycle budget review.

- c) **Street Paving:** The latest update to Oakland’s Pavement Management System shows that Oakland should be spending \$30 million per year on street paving, but is currently averaging only \$7 million per year. A presentation to Council to discuss this issue took place on November 6, 2007.
- d) **Sidewalk Improvements (Including Accessibility):** The City Council funded a study of the condition of City sidewalks. Results of this study are also scheduled for presentation to the Council. Compounding this problem are lawsuits filed by people with disabilities requiring a safe path of travel along City sidewalks.
- e) **Recouping Expenditures:** A review of City financial records revealed that the City is owed significant amounts of money by granting agencies and by utilities that work in City streets. An aggressive approach has begun to recover these funds.
- f) **Zero Based Budgeting (ZBB):** To assure DCSD work is fully funded for the current fiscal year, a Zero Based Budgeting approach has been initiated. The analysis will look at every position in DCSD, the services being provided, and the funds available to pay for those services. Results of the ZBB will be addressed in the mid-year budget review.

4. Next Steps

The recommendations from the Task Forces will be reviewed and implemented. Some of the Task Forces will complete their work by December 2007, while others will continue their work into the new year. The job of creating a more effective and efficient work place will not stop when the Task Forces have completed their assignments, it will have only begun. It is the goal of CEDA to develop a “learning organization” that is constantly evaluating itself and responding to the changing demands on municipal government.

Some of the tasks to be accomplished over the next five months are outlined below.

- Complete work of the Task Forces and implement findings and recommendations.
- Create an additional Task Force to review inspection services provided by various departments and suggest approaches to streamlining these services and eliminating duplication.

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- Determine whether additional organizational changes are needed to improve delivery of services.
- Brief labor unions on reorganization progress. Meet and confer with labor unions on issues of interest to them.
- Train DCSD personnel in use of the new Procedures Manuals.
- Increase use of technology in DCSD.
- Recommend solutions to funding issues in the Sewer Service Fund, Development Services Fund, storm water funding, street paving, sidewalk improvements (including accessibility), parks and Proposition DD.
- Define roles and responsibilities of the City Engineer, Building Official, and Public Works Director.
- Define responsibilities for infrastructure management in coordination with PWA.
- Coordinate with PWA on emergency preparedness and planning for a joint training exercise.
- Define responsibilities for fund management.
- Recruit new City Engineer.

SUSTAINABLE OPPORTUNITIES

Economic: The consolidation of engineering services within CEDA will improve the Development Review Process and allow for more efficient and timely issuance of permits. Development proposals will be evaluated to identify their impact on existing streets, sewers, storm water systems and traffic control devices. As appropriate, developers will pay for the upgrades needed to offset the impact of their development. The creation of new and revised engineering standards will ensure that infrastructure improvements are designed and built to meet the future needs of the City.

Environmental: The creation of a Storm Water Management unit within DCSD will provide a more comprehensive approach to managing the quality and quantity of water from the top of the watershed until discharge to the estuary.

Social Equity: This report does not involve the approval of any specific projects or programs. The reorganization of Engineering Services is designed to provide better service to all clients and customers of the City.

DISABILITY AND SENIOR CITIZEN ACCESS

This report does not involve the approval of any specific projects or programs. Disability and senior access issues will be addressed when specific development plans are submitted to the City by a developer for review and approval.

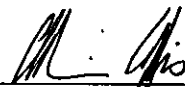
RECOMMENDATION AND RATIONALE

Since this is a status report only, no recommendations are included.

ACTION REQUESTED OF THE CITY COUNCIL

Since this is a status report only, no action is requested of the City Council.

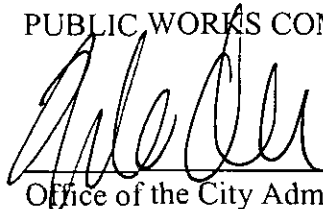
Respectfully submitted,



Claudia Cappio, Director
Community and Economic Development Agency

Prepared by:
Andrew Clough, Program Manager
Community and Economic Development Agency

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:



Office of the City Administrator

ATTACHMENTS:

- A. Progress Report: Reorganization of CEDA/PWA, October 25, 2007

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City of Oakland

Community & Economic
Development Agency (CEDA)
Design & Construction Services Department



Memorandum

To: Claudia Cappio, Development Director, CEDA
From: Vitaly B. Troyan, Interim City Engineer
Date: October 25, 2007
Re: Progress Report - Reorganization of CEDA/PWA

On July 1, 2007, the Design and Construction Services Department (DCSD) was transferred from the Public Works Agency (PWA) to the Community and Economic Development Agency (CEDA). DCSD is responsible for providing engineering services to the City of Oakland, managing most of its Capital Improvement Program, providing transportation engineering services, and managing the Public Right-of-Way.

The goals of the reorganization were to:

- Consolidate engineering functions under the City Engineer;
- Streamline delivery of Capital Improvement Projects; and
- Streamline and improve review of private development projects.

On July 16, 2007, I was hired as Interim City Engineer. In the past 100 days, I have:

- Met with DCSD's employees; consultants, contractors and labor officials to obtain their views about making DCSD more efficient, effective and a fun place to work.
- Assured that linkages between DCSD engineers and PWA operations and maintenance personnel continue to function effectively.
- Created 13 Task Forces to address areas suggested for improvement by stakeholders.
- Consolidated the Traffic Engineering function to assure that traffic planning; response to neighborhood needs; coordination of the special needs of pedestrians, bicyclists and people with disabilities; and identification of capital improvement projects necessary for the safe movement of people and goods are all located under one manager.
- Unified the Storm Water function under one manager to assure that a systematic approach exists for handling storm water from the moment a drop of water hits the ground until it reaches receiving waters.
- Begun review of problems with paying for improvements to the sewer system, storm water system, streets, sidewalks, and review of development projects.
- Initiated a Zero Based Budgeting effort to identify work that needs to be done and how to pay for it.

Steps to be taken in the future include:

- Completing the work of the Task Forces and implementing their recommendations.
- Determining whether further organizational changes are needed to improve delivery of services.
- Meeting and conferring with labor unions on issues of interest to them.
- Increasing the use of technology in DCSD.
- Recommending ways to pay for infrastructure improvements.
- Defining the roles of the City Engineer, Building Official, and Public Works Director.
- Recruiting a new City Engineer.

A detailed progress report is enclosed.

Throughout this effort, I have received a truly impressive amount of cooperation from DCSD and other CEDA personnel. Their willingness to share their experience and honest insights into the system are deeply appreciated. I also appreciate your continuing support, assistance and guidance and look forward to working with you to reach the goals of the new organization.

Enclosure

PROGRESS REPORT
REORGANIZATION OF CEDA/PWA

INTRODUCTION

On July 1, 2007, the Design and Construction Services Department (DCSD) of the Public Works Agency (PWA) was transferred to the Community and Economic Development Agency (CEDA). DCSD is responsible for:

- Providing professional engineering services to the City of Oakland
- Managing most of the City's Capital Improvement Program
- Providing transportation engineering services
- Managing the public right-of-way

The reorganization was designed to support three objectives:

- Consolidating engineering functions under the City Engineer. During the past two decades, engineering services in the City of Oakland have become increasingly fragmented, as each Agency sought to hire its own engineers to perform tasks specific to that agency. Fragmentation of engineering inevitably leads to engineering groups too small to be self-sustaining and too small to provide the broad range of engineering services needed by a major City. Fragmentation also eliminates economies of scale and creates "grade creep" as agencies upgrade their positions to compete for engineers from other City agencies. Lastly, fragmentation makes life difficult for consultants and contractors who have to deal with each agency's different plans, specifications, and ways of doing business.

Maximizing the number of engineers in one location increases the ability of the engineering organization to reassign people when workloads change, allows rotation of engineers among challenging assignments to improve professional development, and increases oversight by experienced professional engineers.

- Streamlining delivery of Capital Improvement Projects. Consolidation allows standardization of procedures and design criteria used to deliver projects. Standardization makes it easier for contractors and consultants to work with the City. The larger number of engineers makes it cost effective to implement modern cost and schedule control systems to deliver projects faster, better, and cheaper.

- Streamlining review and approval of private development projects. Consolidating responsibility for the City's infrastructure under one agency makes it easier to resolve conflicting demands among infrastructure managers. Standardization of permit processes minimizes the uncertainties facing contractors and developers. Maximizing the use of Geographic Information Systems (GIS), computerizing permit processes, and using the internet to apply for and receive permits reduces staff workload, decreases permit costs, and decreases the need to drive to various locations to obtain permits.

INTERIM CITY ENGINEER

On July 16, 2007, Mr. Vitaly B. Troyan, PE, was hired as Interim City Engineer. Mr. Troyan has over 40 years experience in both public and private sector engineering, including management of San Francisco's Bureau of Engineering, and serving as City Engineer of Los Angeles. More importantly, Mr. Troyan is a firm believer in organizational development through employee training and involvement.

THE FIRST 100 DAYS – WORK FLOW IMPROVEMENT

Upon reporting to work, the Interim City Engineer requested and received briefings from each division explaining its mission, how the division was organized to accomplish that mission, and key issues each division was facing.

On August 2nd, the Interim City Engineer attended IFPTE Local 21's Monthly Chapter Luncheon. Introductions were made, along with a short presentation about the steps he would follow in pursuing organizational development. A question and answer session followed.

In September, several meetings were held with PWA operations and maintenance personnel to assure their engineering concerns were addressed. As a result of the meetings, 17 sewer projects were identified which, when completed, would reduce PWA's maintenance costs. These projects are being actively pursued with progress being reviewed monthly. In addition, maintenance personnel were included on the Task Force preparing a Project Delivery Manual (see below) to make sure life cycle costs were considered in project development.

On September 6th, in response to invitations sent to all contractors who had bid on DCSD projects in the last year, a half dozen contractors attended a meeting with the Interim City Engineer to discuss any concerns they may have with the City's contracting procedures. The contractors raised about a dozen issues, including slow progress payments, staff's failure to return phone calls, problems with complying with the City's contracting requirements, and accuracy of Engineer's Estimates. An initial response to the contractors' issues was promised within 45 days.

On September 27th, over two dozen consultants attended a meeting with the Interim City Engineer to discuss issues which may arise with consultant hiring and use. The consultants identified 27 issues

including lack of information about City facilities and upcoming projects, needlessly complex and lengthy procurement processes, and inadequate consultant fees. An initial response to these issues will be provided within 60 days of the original meeting.

On September 5th, 40 DCSD employees participated in a “brainstorming” session to identify ways to make DCSD more efficient, effective and a fun place to work. The group suggested over 80 ideas. Each person was then given five votes and asked to select their top five areas to be worked on. The result was the formation of Task Forces of two to ten people which are reviewing the 13 areas receiving the most votes. Most of the areas selected involve a review of existing work flow, measurement of durations of existing processes, and recommendations for improvements. Areas selected were:

Task Force 1. Improve the Development Review Process. Development proposals in Oakland range from construction of 1 - 4 units to development of entire districts. Review of development proposals involves over a dozen City agencies, each responsible for a particular City function – Planning, Zoning, Traffic, Building Code Compliance, Subdivision Maps, Sewers, Streets, etc. Responsibilities frequently overlap and there is extensive discussion about “rules of the road”. The TF has listed five key steps in the current development review process and is identifying what does and what does not work in each step. Once this work is complete, meetings will be held with developers to perform a “reality check”. The end product of this work will be a set of guidelines and procedures for review of development proposals.

Task Force 2. Improve the Project Delivery Process. It is important that all parts of DCSD use the same process for delivering CIP projects. Standardization improves quality control and reduces costs. DCSD had already begun work on a Project Delivery Manual. This TF has taken on the job of assuring that the Manual is written and implemented. At the date of this report, a Table of Contents representing key steps in project delivery has been prepared and the work of actually writing the chapters has begun.

Task Force 3. Improve Use of Geographic Information Systems (GIS). A GIS is an electronic map of the City which allows overlays showing, for example, what CIP projects exist in each Council District, which sewers are in good shape and which are not, the condition of City sidewalks, etc. Applications are limited only by imagination. Ready availability of information helps engineering designers, consultants, and developers. Making this information available to the public results in a better informed populace. This TF is identifying current uses of GIS, training people in GIS use, and suggesting additional enhancements.

Task Force 4. Customer Service. DCSD has both external (general public) and internal (City agency) customers. This TF is reviewing how DCSD receives, processes, and responds to requests for service, including Oakland’s “Magic” Complaint System.

Task Force 5. Rotation Program. City staff requested that a formal rotation program be implemented to increase employees’ knowledge and experience. This TF is developing a Rotation Program.

Task Force 6. Improve Relations With City Council. At the brainstorming session and in subsequent meetings, staff wanted to establish a process for communicating with Council members regarding work in their districts. Staff also requested guidance for processing requests for service received directly from Council. This TF is developing informational briefings for individual Council members and developing a policy for responding to requests for service.

Task Force 7. Improve the Construction Contracting Process. All agencies involved agree that the Bid and Award process takes far longer than the 100 day goal set by Council. Working jointly with Contract Administration, this TF is identifying the steps used to award contracts, measuring how long each step actually takes, and questioning the need and duration of each step with the goal of streamlining the process.

Task Force 8. Consultant Hiring. Much of the non-routine design work for buildings and parks is performed by consultants. The duration of these projects could be reduced significantly if consultants could be hired quickly. This TF is reviewing the existing consultant hiring process and determining how to accelerate it.

Task Force 9. Standardize Preparation of Plans and Specifications by Consultants. At present, consultants submit work products based on the system used by their respective firms. These work products frequently require rework to comply with City rules, resulting in delay and added cost. This TF is developing a set of standard plan formats and specifications to be used by all consultants who design City projects.

Task Force 10. Develop a Procedures Manual for DCSD. In the past, DCSD used PWA's Procedures Manual. DCSD needs to develop its own manuals containing administrative procedures, street design standards, sewer design standards, etc. to let our employees know how work gets done. At the time of this writing, this TF had assembled Standard Operating Procedures used by others and was preparing the outline for a DCSD Procedures Manual.

Task Force 11. Develop a Transportation Manual for DCSD. The City of Oakland has a General Plan (Transportation and Land Use Element), a Bicycle Plan, a Pedestrian Plan, specific area plans, etc. This TF is developing a simple set of transportation policies and procedures to help employees make day-today decisions in implementing these plans and resolving conflicts.

Task Force 12. Archiving Reports. When a project is completed, the results of that project should be used to update existing plans for future reference. Because of insufficient staff, this updating has not been done for years. Street, sewer, subdivision and other plans are seriously out of date. This TF is investigating use of electronic document control systems to ease updating and eliminate the backlog.

Task Force 13. Increasing Use of Technology. Use of improved hardware and engineering software can dramatically reduce the cost of engineering design. This TF is reviewing the existing availability of electronic tools and identifying areas where improvements can be made.

THE FIRST 100 DAYS – ORGANIZATIONAL CHANGES

Three organizational changes were identified early in the reorganization analysis. These changes were supported by most managers, were non-controversial, and were implemented immediately:

Consolidating Traffic Engineering Functions. A review of responsibilities for the Transportation Services Division (TSD) showed that traffic engineers were responsible for responding to neighborhood concerns and for planning capital improvements. However, the planning of traffic improvements existed in other parts of CEDA. A new Traffic Planning group was created in TSD using existing resources. The new group will be responsible for conducting research and recommending improvements to the safe movement of automobile, truck, pedestrian, bicycle, and transit vehicles, as well as developing multimodal transportation plans and planning for the expenditure of grant agency and redevelopment funds.

Unifying the Storm Water Function. Originally, DCSD engineers managed the concrete aspects of storm water (pipes, culverts, etc.), while CEDA environmental specialists managed land based aspects (streams, watershed, etc.). Given increased regulatory requirements and the need for watershed based approaches to storm water management, combining these groups into one Storm Water Management group assures that storm water will be managed consistently from the time the first drop of water hits the ground until it reaches the receiving waters.

Unifying Project Delivery Responsibilities. DCSD was organized based on infrastructure element (streets, sewers, parks, etc.). This helped develop specialists in each field, but also resulted in each group using slightly different processes to deliver capital improvement projects. Creating a unified Project Delivery Division, with a new uniform Project Delivery Manual, will standardize planning, design and construction management processes and allow projects to be built better, cheaper, and faster.

Additional potential organizational changes, such as improvements to the One Stop Center and delivery of inspection services (who inspects what? and why?) will be addressed as the work of the appropriate Task Forces reaches completion.

THE FIRST 100 DAYS – FINANCIAL ISSUES

Included in the organizational analysis was a review of DCSD funding. The review revealed several weaknesses:

Sewer Service Fund. Initial reviews, conducted jointly with PWA and CEDA Finance, show that the Sewer Service Fund has a projected deficit of as much as \$20M, including a \$3M deficit in operations. Both DCSD and PWA are reviewing their operating budgets to find ways to eliminate the \$3M deficit. In addition, DCSD is de-obligating at least \$5M in capital improvement projects in a first step to balance expenditure plans with available funds. An analysis is also being conducted to determine how much must be spent on capital improvements to comply with the current NPDES permit.

Storm Water Funding. The key challenge facing storm water management in Oakland is the lack of dedicated funding for storm water drainage and water quality. The 5% Council imposed limit on the use of Sewer Service funds is being exceeded, and a significant increase in program costs is expected to occur when the new Storm Water NPDES permit is imposed by regulatory agencies in 2009.

Development Services Fund. DCSD needs to review development proposals to evaluate their impact on existing streets, sewers, storm water systems and traffic control devices. Developers are normally willing to pay for these services. However, the Development Services Fund contains no budget for DCSD. Reviews of the fee structure and uses of the Development Services Fund have begun.

Street Paving. The latest update to Oakland's Pavement Management System shows that Oakland should be spending \$30M per year on street paving, but is currently averaging \$7M per year. A presentation to Council to discuss this issue is planned for November.

Sidewalk Improvements (Including Accessibility). The City Council funded a study of the condition of City sidewalks. Results of this study are also scheduled for presentation to the Council. Compounding this problem are lawsuits filed by people with disabilities requiring a safe path of travel along City sidewalks.

Recouping Expenditures. A review of City financial records revealed that the City is owed significant amounts of money by granting agencies and by utilities that work in City streets. An aggressive approach has begun to recover these funds.

Zero Based Budgeting (ZBB). To assure DCSD work is fully funded for the current fiscal year, a Zero Based Budgeting approach has been initiated. The analysis will look at every position in DCSD, the services being provided, and the funds available to pay for those services. Results of the ZBB will be addressed in the mid-year budget review.

NEXT STEPS

This Progress Report is a snapshot in time as of the date it was completed (October 25, 2007). Work in the areas identified above continues. A verbal update will be provided when and if a Council hearing to review progress is scheduled. Additional work envisioned at the time of this writing includes:

- Complete work of the Task Forces and implement findings and recommendations.
- Determine whether additional organizational changes are needed to improve delivery of services.
- Brief labor unions on reorganization progress. Meet and Confer with labor unions on issues of interest to them.
- Create an additional Task Force to review inspection services provided by various departments and suggest approaches to streamlining these services and eliminating duplication.

- Train DCSD personnel in use of the new Procedures Manuals.
- Increase use of technology in DCSD.
- Recommend solutions to funding issues in the Sewer Service Fund, development Services Fund, storm water funding, street paving, sidewalk improvements (including accessibility), parks and Proposition DD.
- Define roles and responsibilities of the City Engineer, Building Official, and Public Works Director.
- Define responsibilities for infrastructure management.
- Define responsibilities for fund management.
- Recruit new City Engineer

CONCLUSION

Peter Senge, author of *The Fifth Discipline: The Art and Practice of the Learning Organization*, describes a “Learning Organization” as an organization that is not afraid to look at itself, recognizes its strengths and weaknesses, and continually corrects areas that need improvement. It is very encouraging to see this trait in DCSD. The people in this organization are honest about what works and what doesn’t work and are willing to make changes when they believe change would be an improvement. I believe the organization that will emerge at the end of the work being done by the Task Forces will provide the City of Oakland with a first class engineering organization that will provide a high level of service to its residents.