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OAKLAND

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# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Christine Daniel  
Assistant City Administrator

**SUBJECT:** Creation of New Department of  
Transportation

**DATE:** May 12, 2016

City Administrator Approval

Date:

5/13/16

## RECOMMENDATION

Staff recommends the City Council:

- (1) Accept an Information Report providing an update on the status of creating a new Department of Transportation (DOT) and recruitment of a Director of DOT
- (2) Adopt a Resolution approving a contract with a consulting firm or individual to provide interim director services for the new DOT prior to completion of the recruitment of a permanent director

## EXECUTIVE SUMMARY

The FY 2015-2016 Adopted Budget included a directive to create a Department of Transportation. The City Council requested that staff report back to the Council on the structure and financial implications of that directive prior to implementing it. An initial report was submitted to the Public Works Committee on January 26, 2016 describing an approach to creating the new Transportation department, as well as corresponding changes to the Public Works Department, and recommending a salary range for the new Transportation Director. The Committee, and subsequently the City Council, approved the salary schedule amendment for the new Director position. However, the Committee requested additional consideration of the organizational structure and additional outreach to staff about the restructuring.

Following that meeting the Mayor and City Administrator conducted four meetings open to all OPW staff, the strategic planning process for Transportation commenced and the City Administrator's Office had an open door policy for any staff who wanted to communicate their suggestions, questions or concerns about the department restructuring. Many important ideas and concepts were identified in these discussions. Based on comments from the Committee, as well as the information, suggestions, comments and concerns presented by City staff, a revised approach to the departmental restructurings has been developed. This report describes the new structures and staff's plans to move forward.

Item: \_\_\_\_\_  
Public Works Committee  
May 24, 2016

The City will create two departments: 1) a Department of Transportation (DOT); and 2) a revised Oakland Public Works Department (OPW). The functions of the two departments are described below.

***Department of Transportation (DOT)***

The new DOT will include approximately 270 Full Time Equivalent (FTE) positions covering the following functional areas and programs:

- Transportation Policy, Planning, Funding and Programming
- Bike and Pedestrian Planning and Implementation
- Project Delivery: Streets & Structures
- Right of Way Management/Engineering Services/Survey
- ADA Programs
- BRT Program
- Street and Sidewalk Maintenance
- Electrical Service & Traffic Maintenance, Parking Meter Repair
- Parking Management Program
- Parking Enforcement
- Transportation Services
- Pavement Management
- Traffic Capital Projects
- Traffic Safety Program
- Administration: Human Resources, Fiscal, Public Information, Safety & Training

***Department of Public Works (OPW)***

The revised OPW will include approximately 590 FTE covering the following functional areas and programs:

- Facilities Services
- Keep Oakland Clean and Beautiful
- Parks & Tree Services
- Environmental Services
- Construction Management/Materials Testing
- Project Delivery: Facilities/Parks
- Engineering: Sewer Design
- Measure DD
- Watershed
- Equipment Services
- Infrastructure Maintenance: Sewers
- Infrastructure Maintenance: Drainage
- Administration: Human Resources, Fiscal, Business Information & Analytics, Public Information, Safety & Training
- Call Center
- Contract Services

With regard to the recruitment for a new Director of Transportation, that effort was put on pause while the Department restructuring discussions were proceeding. During that time, staff determined that retaining an individual to serve in the role of Interim Director to assist with standing up the new department as soon as possible would be in the best interests of the City. Accordingly, staff is currently negotiating a contract to obtain the services of an Interim Director and will be providing a supplemental report for the City Council's consideration with the details of that agreement.

## **BACKGROUND / LEGISLATIVE HISTORY**

As part of the goal of creating a "Vibrant City," the adopted FY 2015-2017 Budget included a directive to: "...create a new full-service, vertically integrated Department of Transportation, which will bring projects to completion, and work with the community to improve pedestrian safety, conditions for transit riders, access for disabled people and safety for bicyclists and drivers." (Adopted Budget Book FY 2015-2017, page 6) Oakland Municipal Code (OMC) Section 2.29.150 was added in July 2015 and provides as follows:

*2.29.150 - Department of Transportation.*

*There is established in the City government a Department of Transportation which shall be under the supervision and administrative control of the City Administrator. The powers, functions, and duties of said Department shall be those assigned, authorized and directed by the City Administrator. The management and operation of the Department of Transportation shall be the responsibility of the Director of Transportation, subject to the direction of the City Administrator.*

*(Ord. No. 13325, § 2, 7-30-2015)*

The mission statement of the new department, as set forth in the adopted Budget is: "To envision, plan, build, operate and maintain a transportation system for the City of Oakland - in partnership with local transit providers and other agencies - which provides safe, equitable, and sustainable access and mobility for residents, businesses and visitors."

While there are many ways to organize municipal government, analyses have shown benefits of having a dedicated Department of Transportation. A 2014 review of 27 U.S. cities found that municipal Departments of Transportation produce quality projects that get recognized more often – twice as many Federal Highway Administration and Federal Transit Administration awards have gone to cities with a Department of Transportation.

The proposed full-service, vertically integrated Department of Transportation is intended to:

- Ensure Oakland gets its fair share of new transportation sales tax funding (Measure BB) by successfully bringing projects to completion and expanding the City's ability to deliver repaving and other capital projects
- Leverage new and existing transportation funds to develop a project pipeline to build the transportation infrastructure the City needs to support community safety, housing and economic development
- Accelerate the paving of our streets and repair our sidewalks to serve all residents

- Focus on training opportunities to enable staff to implement best practices that serve the evolving needs of residents
- Enhance the use of data and asset management tools to improve efficiency, community responsiveness and government transparency

The current OPW is organized into four bureaus: Administration, Engineering & Construction; Infrastructure & Operations; and Facilities & Environment. In the new structures described above, those bureaus are divided into two separate departments. The new DOT will be focused on providing services related primarily to the streets and sidewalks and above ground structures within those rights of way (traffic signals, lighting, signage, pavement markings, etc.). The revised OPW will remain focused on providing City-wide services including planning, designing, constructing and maintaining facilities, equipment, parks and trees and environmental services, as well as retaining responsibility for sewers and storm drainage.

### **ANALYSIS AND POLICY ALTERNATIVES**

The restructuring described above is intended to ensure that ongoing work is not destabilized and project coordination continues. OPW has been very successful in obtaining significant grant funds this year for transportation related projects (\$25 million) and \$242 million since FY 2009. The reorganization is planned to ensure that all ongoing projects are successfully completed. Some recent grant project examples include:

- \$9.1 million in Active Transportation Program grant funding for the 19<sup>th</sup> Street BART to Lake Merritt Urban Greenway project and the Telegraph Avenue Complete Streets Project
- Over \$1.1 million from the CPUC for three different railroad grade crossing improvement projects
- \$1.3 million Climate Innovation grant to fund the next phase of a demand based parking pricing program, an effort that began in 2013 with a successful pilot project in the Montclair District.

During various stakeholder meetings and conversations over the last three months concerning the restructuring, a number of themes emerged. First, a consensus emerged that sewers and watershed/stormwater should remain in OPW. Second, the planning and design of all street and bicycle/pedestrian projects should be conducted in DOT. Third, effectively and efficiently managing successful and timely delivery of projects is a key goal for this reorganization, however, the resource limitations in those areas will continue to present challenges. Once the two departments are created, additional work will need to be undertaken to assess and improve project delivery functions. Fourth and finally, a key theme from almost everyone involved was the lack of funding for ongoing maintenance of the City's assets. While this reorganization does not resolve the maintenance resource issue, having the ability to highlight the problem and begin developing a long term approach to addressing this issue has been an important aspect of the discussions.

In sum, the central organizing principle that emerged was to focus the DOT on the surface of the roadway including services for all users of those roadways (for example street paving, bicycle lanes, pedestrian safety, lighting and signage), and to focus OPW on the services

underneath and outside that roadway (for example sewers, watershed and storm drains, graffiti, facilities, parks and trees, refuse & recycling).

For all of these reasons, the two departmental structures described above were determined. DOT will assume responsibility for planning, funding and designing streets, sidewalks, paths and all bicycle improvements and OPW will be responsible for bidding and constructing those projects. In addition to other projects underway this fiscal year and planned to be constructed next fiscal year, the City's five year street repaving program is underway. A number of bicycle and pedestrian improvement projects are into completion (e.g. Telegraph, Grand Avenue). Also, OPW's sewer program continues to repair and replace sewer mains and will maintain responsibility for compliance with the EPA Consent Decree agreed to as part of the clean water litigation last year. This Consent Decree involves both capital projects and day to day maintenance and operations. These are just some examples of work that will continue at the same time as the departments are reorganized.

As the restructuring proceeds, staff will remain attentive to addressing the resulting operational issues such as some of those noted below:

1. Project Lifecycle Management: DOT will be responsible for planning and designing transportation projects through the 100% design phase and OPW will be responsible for bidding and construction. These functions will require careful departmental coordination.
2. On-Call Contracts Shared Throughout OPW: OPW bureaus currently share on-call contracts for various services. Sharing of such agreements and services across departments will require coordination and contract management in the near term, after which each department may establish independent contracts for this work.
3. Promotional Opportunities: OPW and DOT will both have Public Works Supervisor I and II, Public Works Maintenance Worker and Street Maintenance Leader positions. Cross-training opportunities will need to be identified and made available to develop staff for promotional opportunities.
4. Engineers Rotation/Promotional Opportunities: OPW currently rotates engineers at least every two years through different divisions within the Engineering Bureau (Engineering Design, Neighborhood Traffic Safety, Transportation Planning, Traffic Engineering, Construction Management and Development Review). A process to continue rotation through all functions within both OPW and DOT will need to be developed to assure continued broad staff development.
5. Emergency Response and Standby: The coordination of emergency response and standby assignments will need to be carefully coordinated with operations staff spread over two Departments.
6. Workflow Management (Cityworks): OPW manages workflow with Cityworks. Workflow management will need to be coordinated with DOT.

7. Call Center: The Call Center will remain in OPW and will support both the DOT and OPW. The two departments will need to agree on how calls are prioritized for response so that the community continues to receive consistent service delivery.
8. One-time cost of Implementation: Identifying and funding office space and layout changes and related furnishings, computers etc.
9. Safety Training: A safety training program will need to be developed by DOT. There is currently only one person in OPW who manages this program so resources will need to be identified for DOT.
10. Self-Insurance Liability Fund: Currently, street and sidewalk programs do not pay into the Self-Insurance Fund. Some amount will need to be allocated to the new DOT and a funding source identified.

### **FISCAL IMPACT**

The Adopted Budget includes the following funding for this initiative: FY 2015-16, \$500,000; FY 2016-2017, \$1,000,000. None of the budgeted amount for FY 2015-16 has been spent and is thus available to support a contract for an Interim Director as well as some of the one time costs of implementation noted above.

The current OPW includes approximately 36 FTE in the fiscal and administrative unit to support one of the largest numbers of staff (approximately 785 FTE) of any City department outside of Police; OPW is required to manage a significant number of complex funds from an array of different sources, many of which would be transferred to the new DOT. The restructuring described above transfers 11 FTE from the existing OPW Administration unit into the new DOT's Administration unit.

With the \$1 million included in the FY 2016-2017 budget, the DOT can afford to support the following new positions:

- Director
- Executive Assistant to the Director
- Assistant Director or Agency Administrative Manager

Staff recommends that several additional positions be considered for the DOT when it becomes fully functional. These positions would require an additional \$800,000 to 900,000 annually.

Examples of some additional positions include:

- Mobility Program Parking Manager
- Support Services Manager
- Program Analyst I (Worker's Compensation)
- Training and Public Services Administrator

Finally, both departments may face significant challenges in balancing their funds in FY 2017-19 budget because many of them contain structural deficits due to use of fund balance and the long term impact of COLA increases to personnel costs. Additionally, the State of California

Department of Finance is forecasting a further reduction in State Gas Tax revenues due to low prices and decreasing consumption which will have a significant impact if a legislative solution is not identified by the State Legislature.

### **PUBLIC OUTREACH / INTEREST**

Following the last presentation to the Public Works Committee, the Mayor and City Administrator held four meetings with OPW staff both at City Hall and the OPW facility at Edgewater, as well as set up an email address for City employees to provide input. Additionally, the Strategic Planning process for Transportation commenced with the assistance of Bloomberg Associates. Seven working groups (Street & Infrastructure Maintenance, Parking Management, Equity & Strategic Community Engagement, Safety & Operations, Mobility, Project Management, Workforce/Human Resources) were created and have been meeting since March. The City Administrator's Office also met with representatives of the affected bargaining units to inform them of the organizational structures described in this report. These bargaining units are: SEIU Local 1021, IBEW, Local 21 and CMEA. Further meetings with the affected bargaining units will be conducted as necessary to address any impacts resulting from this restructuring, such as department-specific classifications moving from one department into another requiring re-classification (e.g. positions in Parking Enforcement Supervision and Management).

### **COORDINATION**

Staff from the City Administrator's Office, including Budget, as well as the Mayor's Office, OPW and the Controller's Bureau were involved in reviewing this analysis. Additionally, the Mayor's Office engaged with Janette Sadik-Khan, former Transportation Commissioner for New York City, through Bloomberg Associates. Ms. Sadik-Khan and other staff from Bloomberg Associates will be involved in recruiting a director for the new Department of Transportation, advising on the structure of the new Department and are assisting with the development of a strategic plan for Transportation.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** One purpose of creating a new DOT is to increase the capacity of the City to attract funds, carry out capital projects and accelerate street and infrastructure maintenance, resulting in numerous benefits to residents and business owners.

**Environmental:** A department that prioritizes multi modal approaches to transportation and approaches all projects with a complete streets perspective offers the opportunity for Oakland to enhance safety, connectivity and efficiency for residents, businesses and visitors to the City.

**Social Equity:** Oakland is building a greater capacity to work more closely with the community's transit agencies to ensure that equity considerations are included within forms of mobility such as bikesharing and carsharing, and as the new DOT makes greater use of data in decision-

making, including socioeconomic information alongside more conventional safety and traffic data, the City can improve outcomes for all community members.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends the City Council:

- (1) Accept an Information Report providing an update on the status of creating a new Department of Transportation (DOT) and recruitment of a Director of DOT
- (2) Adopt a Resolution approving a contract with a consulting firm or individual to provide interim director services for the new DOT prior to completion of the recruitment of a permanent director

A supplemental report will be provided including the details of the proposed contract which is under negotiation at the time of publication of this report.

For questions regarding this report, please contact Christine Daniel, Assistant City Administrator, at 238-6906.

Respectfully submitted,



CHRISTINE DANIEL  
ASSISTANT CITY ADMINISTRATOR