

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: January 31, 2018

TO: Honorable Members of the City Council

FROM: Sharon M. Tso  Council File No.: 17-1311
Chief Legislative Analyst Assignment No.: 18-01-0056

2017 FUSE Fellow Report Tier 1 Recommendations

SUMMARY

On January 17, 2018, the Public Works and Gang Reduction Committee considered the Tier 1 recommendations set forth in the 2017 FUSE Fellow evaluation of the state of the City's street related infrastructure programs (FUSE Report). The Committee instructed this Office to review whether adoption of Recommendation 1.1 of the FUSE Report, transfer of oversight over the Department of Transportation to the Board of Public Works, addresses the essential issues identified in the FUSE Report. This Office was also instructed to report on the resources necessary to successfully implement Recommendation 1.2 which proposes establishing an Office of Infrastructure Management (OIM), and the associated costs. This Office was additionally instructed to review the feasibility of incorporating the functions of the Office of Construction Coordination, as proposed by Councilmember Ryu, into the OIM.

This report provides recommendations for Council's consideration to conduct further analysis on the Tier 1 recommendations prior to taking action. The FUSE Report divides its recommendations into three tiers, based on the scale of the recommendations, not the importance or timing. The FUSE Report proposes initiating the Tier 1 recommendations during the 2018-19 fiscal year. The City Administrative Officer recommends that Council consider the Tier 1 recommendations during the 2018-19 budget process.

This Office does not recommend moving forward with implementation of the Tier 1 recommendations at this time. If Council wishes to pursue the creation of an OIM, it is recommended that further analysis be undertaken to establish priorities relative to the formation of an OIM and improvements in the delivery of the City's street related infrastructure programs.

RECOMMENDATIONS

1. CONTINUE consideration of the 2017 FUSE Fellow Report, dated November 20, 2017, Tier 1 recommendations, to allow for consideration of the Tier 2 and 3 recommendations and additional instruction regarding analysis of those recommendations regarding the City's street related infrastructure programs.
2. INSTRUCT the City Administrative Officer (CAO), with the assistance of the Chief Legislative Analyst (CLA) and the City Attorney, to report on the steps necessary to transfer the oversight authority currently held by the Transportation and Taxicab

Commissions to the Board of Public Works. The report should discuss costs and other impacts associated with the proposed transfer.

3. INSTRUCT the CAO, with the assistance of the Board of Public Works and the CLA, to report on options for establishing the Office of Infrastructure Management (OIM) within the Board of Public Works. The report should include: a) an evaluation of which functions the OIM should be assigned; b) an analysis of which functions would yield the most benefit to the City's delivery of street related infrastructure programs, including an analysis of incorporating the functions of the proposed Office of Construction Coordination; c) whether responsibilities currently assigned under the Administrative Code should be reassigned to provide leadership for the OIM; d) a timeline for a phased implementation approach; and e) the costs and staffing associated with the options presented.

BACKGROUND

Objectives of FUSE Report

In response to the Council and Mayor's directive to improve the City's delivery of public works services, the City Administrative Officer (CAO) retained a FUSE Fellow to conduct a review of the City's street related infrastructure and prepare a report on the state of that infrastructure. The objective of the project was to "look at the system in which street related services exist, to identify ways the City can improve delivery of these programs, and to highlight innovative practices within the City and other jurisdictions that can be scaled for success." Desired outcomes were identified as follows:

1. Improved coordination among City departments and external partners [to] ensure that Public Works services are delivered in the most efficient and effective manner, and
2. An improved relationship between residents and their government.

Further, the FUSE Report identifies six themes consistently cited across research groups as barriers to performance, including: alignment, communication, customer centricity, coordination, data and technology, and planning. The proposed recommendations address one or more of these themes. Tier 1 recommendations address all six themes.

Tier 1 Recommendations

Tier 1 recommendations are presented as structural improvements to the City's infrastructure delivery system and represent significant changes to address fragmented and siloed decision making. The intent of Recommendation 1.1 is to bring all transportation programs into the Department of Public Works (DPW), establishing the Board of Public Works as the single oversight authority for all street related activities conducted by Council controlled departments. The proposed change would transfer the oversight authority currently held by the Transportation and Taxicab Commissions to the Board of Public Works. This represents a significant change to the City's governance structure.

During the January 17, 2018 Public Works and Gang Reduction Committee meeting, the General Manager of the Department of Transportation (DOT) and the President of the Board of Public Works provided comments on the proposed transfer. While acknowledging that DOT does

regularly appear before the Board of Public Works, the General Manager stated that the transfer would not change the daily operations of DOT or improve project delivery. She also stated that DOT is open to discussing the proposed transfer but noted that a more robust conversation is necessary. She emphasized the importance of improving project delivery, stating that while engaging in that conversation, DOT and the Bureaus should work toward achieving substantive improvements to their project delivery.

The President of the Board of Public Works indicated that if Council wishes to explore the proposed transfer, the Board is both willing and happy to welcome DOT. He acknowledged that the Board works with DOT daily on matters ranging from transportation projects to petroleum issues. Further, he noted that the Board provides an opportunity for constituents to be heard with regard to all projects impacting the public right-of-way. He also stated that considering the role DOT plays in constituents' lives, adopting Recommendation 1.1 would provide DOT the benefits of having an accessible and full time oversight board.

At this meeting, Committee members questioned whether implementation of Recommendation 1.1 would effectively address the issues identified in the FUSE Report. This Office was asked to consider whether the proposed transfer of oversight over the DOT to the Board of Public Works would address the issues identified in the FUSE Report.

This Office shares the Committee's concerns. If adopted on its own, Recommendation 1.1 would significantly increase the number of programs under the Board of Public Works' span of control. The FUSE Report cites a series of benefits to be derived from this transfer, including streamlined communication and data driven decision making. To realize the anticipated benefits additional changes must be initiated in conjunction with the proposed oversight transfer.

The employee sentiment and feedback collected during the preparation of the FUSE Report highlights accountability, governance, alignment, communication, and coordination deficiencies across the City's public works landscape. The problems identified by City employees are not limited to coordination between DOT and the DPW. For example, employees expressed the view that the Board of Public Works could be more assertive in breaking down silos between the Public Works Bureaus. Employees also stated that the Bureaus do not work well together, identifying inter-bureau, intra-bureau, and intra-department communication and coordination as significant problems.

The FUSE Report acknowledges the limitations inherent in adopting Recommendation 1.1 without first implementing some of the proposed Tier 2 and 3 support system improvements and process and program efficiencies. The FUSE report states that "simply housing related programs in one place is not enough to incentivize staff to increase working relationships or to automatically breakdown silos . . . groups will continue to operate in status quo unless they are routinely forced to work another way." Until Council has made a determination regarding implementation of the remaining recommendations proposed in the Fuse Report, this Office does not recommend proceeding with Recommendation 1.1.

Recommendation 1.2 proposes the formation of an Office of Infrastructure Management (OIM) to serve as the citywide lead on all infrastructure programs. The FUSE Report recommends

housing the OIM in the Board of Public Works. This Office was asked to report on the resources necessary to ensure the OIM can perform its intended functions and the costs associated with establishing the OIM. Further, this Office was asked to report on incorporating the functions of the Office of Construction Coordination, as proposed by Councilmember Ryu during the 2016-17 budget process, into the OIM.

The FUSE Report presents a series of possible functions to be undertaken by the OIM such as conducting citywide infrastructure strategic planning, driving proactive project planning, and serving as a consistent resource available to analyze data to better drive performance improvements. Administrative Code Section 22.327 vests the Executive Officer of the Board of Public Works with the duty to “make recommendations to the Board about short- and long-range public works plans and programs.” Pursuant to Charter Section 581 the Board then has the duty to “make recommendations about short- and long-range public works plans and programs to the Mayor and Council.” Currently, the Board of Public Works does not make such recommendations. Pursuant to Administrative Code Section 5.44, the CAO is charged with preparing and submitting a tentative capital improvement expenditure program of physical plant, municipal facilities and wastewater projects to the Public Works Committee no later than February 15 of each year.

This Office agrees with the FUSE Report’s assessment that the City’s public works programs may benefit from the establishment of a citywide lead office on all right-of-way infrastructure programs. If Council wishes to transfer oversight of DOT to the Board of Public Works, this Office agrees that Recommendation 1.2 would be crucial to improving coordination and communication between DOT and DPW. Should Council elect not to proceed with Recommendation 1.1, pursuing Recommendation 1.2 in conjunction with several of the Tier 2 recommendations may improve operations within the DPW.

The FUSE Report does not set forth a fixed scope of work for the OIM or offer an implementation plan. While the report offers several examples of best practices, Council would benefit from a case study providing a detailed review of the implementation processes undertaken by the cities cited. At this juncture in the discussion, it is difficult to determine what resources would be necessary for implementation of a successful OIM.

The OIM may be best viewed in conjunction with several of the support system improvements proposed in Tier 2. Recommendations 2.1, 2.2, 2.3, 2.5, and 2.6 are preliminary steps necessary to establish the resources and overall framework required for the creation of a successful OIM. Council could utilize a phased approach to the creation of an OIM, establishing an initial scope of work and adopting a timeline for the addition of functions and staff over the course of several fiscal years. This will allow Council, the Board of Public Works, the OIM, and the corresponding bureaus to incrementally pursue the Tier 2 recommendations and add staff to support those endeavors.

As a crucial first step, Council should consider its priorities relative to the formation of the OIM and the City’s delivery of improvements in the public right-of-way. Council could instruct the CAO, with the assistance of the Board of Public Works and the Chief Legislative Analyst, to report on options for establishing the OIM within the Board of Public Works. The report should

include: a) an evaluation of which functions the OIM should be assigned; b) an analysis of which functions would yield the most benefit to the City's delivery of public works programs; c) whether responsibilities currently assigned under the Administrative Code should be reassigned to provide leadership for the OIM; d) a timeline for a phased implementation approach; and e) the costs and staffing associated with the options presented.

This Office was also requested to discuss incorporating the functions of the Office of Construction Coordination (OCC), as proposed by Councilmember Ryu during the 2016-17 budget process, into the OIM. During consideration of the Department of Transportation's 2016-17 Proposed Budget, the Budget and Finance Committee requested a report on the establishment of an OCC.

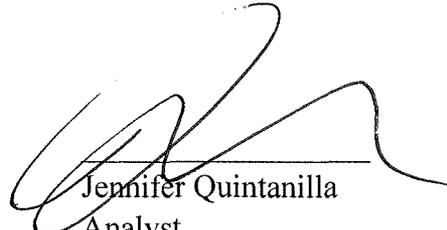
As proposed, the OCC would partner with utility companies to develop coordinated street construction projects with the aim of completing fully improved streets, thereby reducing the overall number of street cuts for utility improvements. The OCC is expected to yield time and cost savings derived from more efficient planning and less disruption to City streets. DOT proposed that the OCC should also perform outreach to stakeholders, maintain an integrated GIS system, and seek synergistic project opportunities. In adopting the 2016-17 Budget, Council adopted Councilmember Ryu's motion instructing the CAO to report on funding an OCC to coordinate private and public activities surrounding construction that are currently overseen by the Bureau of Engineering, DOT, or Planning Department. The requested report is still pending.

The issue of utility and public right-of-way coordination is an ongoing conversation within the City and has been the subject of numerous motions and reports proposing changes to both the Public Right-of-Way Reservation System and NavigateLA. Council could address this issue by incorporating the functions of the OCC into the OIM, establishing utility coordination and implementation of Recommendation 2.1 as a function of the OIM. Recommendation 2.1 proposes converting utility coordination from a manual process to an electronic system to strengthen oversight over underground activities, optimize time-related street activities, strengthen City paving plans, preserve City street investments, and provide transparency to City partners, utility providers and the public.

The Public Works and Gang Reduction Committee also requested additional data regarding efficiencies realized by other municipalities which have implemented this level of coordination. The FUSE report indicates that Chicago, Boston, and Seattle have recently implemented utility coordination systems. Utility coordination has led to reported savings of \$30M in Boston, \$93M in Chicago, and \$7M in Seattle's first year.

The FUSE report identifies Chicago's Office of Underground Coordination (Office) as a best practice. This Office is housed within Chicago's Division of Infrastructure Management and provides a forum for coordinating all construction activities in the public right-of-way which may directly or indirectly affect members of the Office who operate above ground and/or underground facilities. The Office is composed of city departments, private utilities, and local governmental agencies.

Given the size of the City, further analysis is required to determine the level of efficiencies the City may experience from implementing a comparable level of coordination. As discussed above, this Office recommends further analysis before adopting a scope of work and implementation plan for the OIM.



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