Michael Fong/MF
SDOT Efficiencies Consultant Review
June 22, 2012
Version #6

RESOLUTION 31393

A RESOLUTION establishing goals and objectives for an operational efficiencies review of the Seattle Department of Transportation and creating a joint City Council, Executive and Office of the City Auditor interdepartmental team to oversee project implementation.

WHEREAS, the Seattle Department of Transportation (SDOT) has more than 700 employees with an annual budget of over $300 million to operate, maintain and develop a transportation infrastructure currently valued at over $13 billion; and

WHEREAS, in 2006, Seattle voters passed the 9-year, $365 million "Bridging the Gap" (BTG) levy to help address a growing backlog of maintenance needs and to advance various neighborhood, transit, pedestrian and bike projects across the city; and

WHEREAS, through BTG and other local, state and federal revenues, SDOT has made significant enhancements to Seattle's transportation infrastructure including hundreds of miles of repaving, the replacement of thousands of street signs and the near completion of two major projects: two-way Mercer East and the Spokane Street Viaduct replacement; and

WHEREAS, SDOT has also achieved significant gains in efficiencies through the creation of an asset management program, investments in snow response equipment and technology and work order tracking systems; and

WHEREAS, the City of Seattle is anticipating a General Fund budget shortfall based on anticipated costs to maintain the current level of government services in 2013; and

WHEREAS, all City departments have been asked to identify opportunities for budget savings and efficiencies; and

WHEREAS, there has not been a comprehensive review of SDOT operations in recent memory and an effort to compare current SDOT operations with industry best practices could provide useful information to SDOT management and City policymakers; and

WHEREAS, it is the desire of the Mayor, City Council and SDOT management for SDOT to be one of the most productive, effective and efficient transportation department in the country; and

WHEREAS, the expertise of the Office of the City Auditor will be valuable in supporting the work of the Council and the Executive in developing a project scope and working with an external transportation consultant to carry out the review of SDOT; and

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WHEREAS, the Office of the City Auditor is already engaged with SDOT in an audit of department operations that are heavily reliant on General Fund support to identify opportunities for efficiencies and budget savings in advance of the City's 2013-14 Biennium Budget review process; and

WHEREAS, formalizing the goals and project implementation structure for carrying out this review will clarify for the public and SDOT the City's purpose and intent; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. Goals and Objectives. The Seattle Department of Transportation (SDOT) Efficiencies Review Project (Project) is established to achieve the following:

Phase One: An initial assessment of SDOT's organizational structure and operations to be completed by Jan 15th, 2013 and to identify operational areas for more in depth review in 2013. This phase will specifically include the following tasks:

A) A peer review and benchmarking exercise that compares SDOT with other similar sized transportation departments across the country, in order to:
   a. Assess the productivity of SDOT's operations
   b. Identify innovative and promising practices, and/or potential lessons to be learned, and
   c. Recommend areas for further examination in Phase Two.

B) This review and benchmarking exercise should include a comparions of SDOT's methods for measuring performance to those of other jurisdictions and make recommendations for changes to performance measurement that could improve accountability, enhance transparency, and communicate effectively with the public and elected policymakers.

CITY CLERK

C) Thie review and benchmarking exercise should also include a comparison of SDOT's management structure to those of other jurisdictions and identify models for further exploration in Phase II.

Phase Two: A longer-term review of operational changes and efficiencies intended to provide ongoing benefits to Seattle residents and taxpayers to be completed by the end of 2013. This review should focus on program level improvements and recommendations. Identify and recommend changes to operational approaches and management practices that could yield greater budget efficiencies, more productivity, and/or better outcomes for maintaining and improving the City's transportation infrastructure. Phase Two will specifically include the following tasks:

A) Follow-through on areas identified for in-depth review in Phase One;
B) Evaluate and make recommendations on how to improve the policy and decision-making processes used to prioritize transportation maintenance and improvement projects. This should include a review of how SDOT uses its asset management program including life cycle costs, risks assessment and industry best practices to inform project level decision-making; and
C) Given the severe financial constraints that SDOT must operate under and the City's mounting transportation infrastructure needs, identify an approach to framing SDOT's responsibilities in ways that will help policymakers narrow the department's focus and priorities for the near term leading up to potential renewal of the Bridging the Gap Levy.

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Section 2. Implementation. An interdepartmental team (IDT) shall be created to oversee the implementation of the Project and manage a contract with external transportation consultant(s). The IDT shall consist of representatives from the following:

A) City Budget Office (CBO)

B) The Office of the City Auditor (OCA)

C) City Council Central Staff

D) Office of the City Council Transportation Chair

SDOT is requested to participate as an ex-officio member of the IDT for the purposes of developing a scope of work and to coordinate with the consultant(s) on the project. The IDT will develop a generalized scope of work based on the goals and objectives identified in Section 1, create a Request for Proposals (RFP) to solicit proposals for carrying out this body of work, including a detailed scope of work or approach, and manage the Project through completion and delivery of a final report and recommendations to the Mayor and Council. Staff from the Office of the City Auditor will serve as the nominal project manager.

Section 3. Reporting. The IDT shall provide the Mayor and Council with regular updates on the progress of the Project. Completion of the project and issuance of a final report and recommendations for phase one is expected by January 15, 2013 and for phase two by December 31, 2013.

2012 CITY CLERK

Adopted by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its adoption this_____ day of _____, 2012.

_____

President _____of the City Council

THE MAYOR CONCURRING:

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

_____

Monica Martinez Simmons, City Clerk

(Seal)

DOS CITY CLERK

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title: A RESOLUTION establishing goals and objectives for an operational efficiencies review of the Seattle Department of Transportation and creating a joint City Council, Executive and Office of the City Auditor interdepartmental team to oversee project implementation.

Summary of the Legislation:
This resolution provides an outline of the Council and Mayor's goals and approach to initiating a consultant review of the Seattle Department of Transportation (SDOT). The legislation summarizes two phases of work to be overseen by an interdepartmental team (IDT) consisting of representatives from the City Budget Office (CBO), Council and the Office of the City Auditor (OCA). Phase one of the consultant work is expected to be finished by January of 2013 while phase two would be completed by the end of 2013. The Mayor and Council expect to consider recommendations from the consultant and the IDT to implement improvements to SDOT and changes to operational approaches and management practices that could yield greater budget efficiencies, more productivity, and/or better outcomes for maintaining and improving the City's transportation infrastructure

Background:
In January of 2012, the Council adopted an annual work program that included an item in the Transportation Committee related to reviewing SDOT's asset management program and overall performance. As conversations advanced and evolved with SDOT, CBO, OCA and Council Staff, it was determined that a formal IDT should be formed to develop a comprehensive scope of work. The IDT concluded that the comprehensive scope should include two phases: 1) an initial assessment of the department's operations through a peer review and benchmarking exercise and 2) a longer-term effort that would focus on identifying potential operational approaches and changes in management practices that could yield greater budget efficiencies, more productivity, and/or better outcomes for maintaining and improving the City's transportation infrastructure.

The IDT expects to develop a Request for Proposals (RFP) by mid-summer with a goal of completing phase one by the end of January, 2013. The full project is expected to be completed by the end of 2013. Representatives from CBO, Council Staff and the OCA will form an oversight committee for the project while OCA will be responsible for managing the day to day consultant contract. SDOT has expressed an eagerness to work cooperatively with the consultant and IDT to identify potential recommendations.

2013 CITY CLERK

Please check one of the following:

_X___ This legislation does not have any financial implications.
(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

Note: Though this resolution does not directly appropriate funds for a consultant review of SDOT, it clearly lays the policy foundation and intent of the Mayor and Council to appropriate funding to support the project. It is expected that separate action taken through the 2012 1st Quarter Supplemental Ordinance would appropriate up to $575,000 to support the work of the IDT and consultant.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
Yes. Per the note above, the IDT has proposed a $575,000 budget for the consultant review. This funding includes the potential for additional technical support (beyond the primary consultant) to be provided to the IDT on an as needed basis.

b) **What is the financial cost of not implementing the legislation?**
Unknown at this time. One of the primary goals of the effort is to identify potential budget savings (short and long-term) and operational efficiencies for SDOT.

c) **Does this legislation affect any departments besides the originating department?**
Yes. The resolution identifies the involvement of CBO, OCA, SDOT and Council.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
None are identified at this time.

e) **Is a public hearing required for this legislation?**
No.

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.

g) **Does this legislation affect a piece of property?**
No.

h) **Other Issues:**
None.

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