

COVERING YOUR ASPHALT

A Report on the Mendocino County Department of Transportation

June 6, 2011

Summary

The 2010-2011 Mendocino County Grand Jury (GJ) received a complaint regarding management at the Mendocino County Department of Transportation (MCDOT). Many of the complaints regarding management were confirmed. The investigation revealed that a high turnover of employees has occurred in recent years at MCDOT. During the investigation, the GJ discovered that a large carry-over existed in the MCDOT accumulated fund balance.

The MCDOT is responsible for 1011.8 miles of County road: 676.3 centerline miles of paved roads and 335.5 miles of unpaved (graveled and unsurfaced) roads¹. The MCDOT is also responsible for 157 bridges. The department operates with funds from State and Federal gas taxes, a voter approved road tax, and State and Federal grants, which require some matching funds.

Several budget units exist for MCDOT: Road Maintenance, Storm Damage, Administration, Federal and State projects, Little River and Round Valley airports, Solid Waste, and Landfill Closure.

On April 25, 2011, the MCDOT accumulated fund balance was \$4,649,927, and is restricted to road maintenance and road projects. The fund balance is non-transferable and is not available for use by any other County departments.

Methods

The GJ interviewed County staff from multiple departments, reviewed the 2010-2011 Final County Budget, Mendocino County Purchasing, Leasing and Contracting Policy (Policy #1), and the MCDOT Organizational Chart.

Background

Mendocino County is a very large county with 1011.8 miles of road, including 335.5 miles of unpaved roads. The winter weather creates a challenge for the County, often resulting in major storm damage.

Findings - General

1. The MCDOT is responsible for 1011.8 miles of County roads and 157 bridges; 676.3 miles of roads are paved and 335.5 miles are not paved.
2. The cost is less to maintain un-surfaced roads than to maintain paved roads.

¹ MCOG "State of the Pavements" presentation by the MCDOT Director, to BOS, on 6/14/2011

3. Revenues come from State and Federal gas taxes, a voter-approved road tax collected through property tax, and State and Federal grants, which require some matching funds.
4. The Federal and State Highway User Gas Tax, a revenue stream for MCDOT, is collected through a per-gallon surcharge. Expected revenues from the State have been delayed in recent times.
5. On April 25, 2011, the MCDOT accumulated fund balance was \$4,649,927, restricted for use on road maintenance and road projects. The fund balance is not transferable or available for use by any other County departments.
6. In 2006, MCDOT was awarded \$6.5 million from Proposition 1b, which was received in three un-equal payments; the final payment of \$3.1 million was received in 2010. These funds are restricted to road projects and must be used within three years of receipt.
7. The MCDOT's primary roadwork is performed during the spring and summer months. Projects are labor intensive and include planning, engineering, environmental studies, permits, securing right-of-ways, and collaborating with other agencies. Projects may take up to five years to complete.
8. Of the 157 bridges in the County, 14 are scheduled for repair or replacement and are in various stages of the design and permit process.
9. Most projects are reimbursed by the State and Federal government in payments for work performed.
10. The budget units for MCDOT include: Road Maintenance, Storm Damage, Administration, Federal and State projects, Little River and Round Valley airports, Solid Waste, and Landfill Closure.
11. Solid Waste, an enterprise fund, was recently privatized; however, MCDOT remains responsible for maintaining the closed landfills. The Solid Waste and the Landfill Closure budgets are funded by franchise fees paid by the private waste haulers.
12. The MCDOT Organizational Chart (Appendix A) reflects: a Director/Road Commissioner, Assistant Director, and four Deputy Directors, one for each of the four divisions:
 - Road Maintenance
 - Engineering
 - Administration
 - Land Improvement
13. There are three budget units in the road fund division and revenues are restricted:
 - 3010 Administration and Maintenance
 - 3030 Storm Damage
 - 3041 Federal and State Projects
14. The preparation of the budget is based on projections of revenue. Anticipated projects contained within a budget may or may not be funded due to economic conditions.
15. On May 14, 2011, the number of employees at MCDOT was 87 full-time and eight extra-help. Solid Waste has one half-time position for the Landfill Closure.
16. The MCDOT maintains two maintenance garages in Ukiah; one for vehicles and light trucks and one for heavy equipment. There are additional service yards located in Boonville, Point Arena, Covelo, Fort Bragg, Laytonville, and Willits.

17. The MCDoT maintains a drug-free workplace and is responsible for administering the Safety Sensitive Driver Program (SSD). In one incident, the protocols associated with SSD were not followed, which resulted in an audit exception. Non-compliance threatens Federal funding.
18. The MCDoT has strict timelines in the case of establishing emergency declarations to receive reimbursement funding for emergency road repairs.
19. The BOS has created difficulty for MCDoT by strict adherence to the agenda submittal process during times of emergency. In times of emergencies and unexpected circumstances, in order to ensure continued operations of MCDoT, necessary for the preservation of life or property, the BOS may not meet weekly.

Findings - Purchasing

20. The Director-Road Commissioner, General Services Agency (GSA) Director, Chief Executive Officer (CEO), and department heads are authorized to negotiate with vendors and prepare purchase orders or formal contracts for purchases, as per Policy #1. When this express authority is not delegated, the Board of Supervisors (BOS) retains sole authority for that activity.
21. Mendocino County Purchasing, Leasing, and Contracting Policy #1, includes the following:
 - Purchases of supplies and equipment,
 - Maintenance, rentals, and leases of equipment and other personal property,
 - Leases of real property,
 - Contracts for services.
22. Competitive bidding is required for certain purchases or any individual items costing more than \$10,000.
23. Department heads can make and sign for purchases up to \$25,000.
24. The Purchasing Agent for MCDoT can make and sign for purchases up to \$50,000. The BOS must approve and sign for purchases or contracts over \$50,000. County Counsel must approve all contracts.
25. Blanket Purchase Orders are issued to selected vendors and include a list of personnel who are approved to make purchases, and are not to exceed \$2,000 per purchase unless authorized by the purchasing agent.
26. The Purchasing Agent and the Auditor-Controller may authorize departments to make certain direct purchases with a County approved procurement card (P-Card).
27. Only one P-Card is issued per department. The P-Card for MCDoT is held by the Senior Department Analyst; this arrangement makes it difficult when an emergency develops.
28. The General Services Agency charges an internal fee of 13% to MCDoT to process P-Card purchases.
29. The Director-Road Commissioner is the only person authorized to issue an Emergency Purchase Order. An emergency exists when an item must be purchased to continue operations or when the item is necessary for the preservation of life or property.

Findings – Accounting

30. Mendocino County uses the Municipal Information System (MUNIS) accounting software.
31. The MCDOT uses the Cost Accounting Management System (CAMS), which provides cost accounting features and interfaces with the MUNIS system for invoices and payroll. The CAMS system has the capability of issuing various detailed reports.
32. The MCDOT is required to keep track of each job, including the documentation of all costs.
33. The CAMS system has a tutorial component that senior management has failed to utilize effectively.

Findings – Management

34. There are significant inter/intra-departmental barriers, communication deficiencies, and poor decision-making practices.
35. The clerical staff is centralized but must obtain approval from the Deputy Director of Administration, prior to performing their departmental task. This process impedes efficiency because the department directors cannot assign clerical work to their own employees without the approval of the Deputy Director of Administration.
36. Management is performing routine clerical support tasks and errands that are typically performed by subordinates.
37. Division stakeholders are not allowed timely input, resulting in inefficiency and mistakes; key players do not agree on departmental priorities.
38. There is staff confusion regarding departmental responsibilities and authority.
39. The routine shifting of priorities within MCDOT is unnecessary and leads to inefficiency.
40. There is pervasive job discontent, leading to high turnover and loss of critical institutional knowledge.
41. There is low staff morale within MCDOT due to management style.
42. Since 2006, more than 70 employees have left, transferred, or retired from MCDOT.
43. There are a number of current employees at MCDOT that are considering retiring, transferring, or seeking a new job outside MCDOT because of management practices.
44. Individual employee complaints are handled within MCDOT and not addressed by County Human Resources.
45. Annual Employee Performance Evaluation Reports are not completed or forwarded to County Human Resources in a timely manner.
46. Management is practicing favoritism in hiring, personnel evaluations, and training.
47. Grievances have been filed against management.
48. Senior management at MCDOT was required to attend and did attend communication classes to improve communication skills between management and subordinates.
49. The BOS has not adopted an anti-bullying policy, which would help alleviate low staff morale and productivity due to inappropriate or illegal management actions.
50. Management does not always prepare the Road Report; California State Department of Transportation (Caltrans) prepares this report for a fee.

Recommendations

The Grand Jury recommends that:

1. the Mendocino County Board of Supervisors, in conjunction with the Chief Executive Officer, review the levels of management at Mendocino County Department of Transportation, to determine if the Assistant Director and the four Deputy Directors are critical to the department, (Finding 12)
2. the Mendocino County Chief Executive Officer and the Board of Supervisors consider consolidating management at the Mendocino County Department of Transportation, (Finding 12)
3. the Mendocino County Board of Supervisors return to the previous schedule of four meetings each month in order to avoid losing State and Federal funds during declared disasters, (Findings 18-19)
4. the Mendocino County Department of Transportation Director ensure a P-Card is available for use at all times, (Findings 26-28)
5. the Mendocino County General Services Agency justify the 13% internal support charge for processing P-Card payments. The inter-departmental charge back fee must reflect the true cost, not percentage based or flat fee for these services, (Finding 28)
6. the Mendocino County Department of Transportation management and staff become proficient in the operation of the Cost Accounting Management System, (Findings 31-33)
7. the Mendocino County Department of Transportation, in order to minimize staff turnover and potential legal liability, secure the use and oversight of Human Resource staff to improve compliance with Mendocino County Policies and Procedures regarding the management of personnel. (Findings 34-49)
8. the Mendocino County Board of Supervisors, in conjunction with the Chief Executive Officer, take an active role in resolving employee discontent within the Mendocino County Department of Transportation, (Findings 34-49)
9. the Mendocino County Board of Supervisors, in conjunction with the Chief Executive Officer, initiate an independent internal review of the operations at the Mendocino County Department of Transportation, (Findings 34-49)
10. the Mendocino County Department of Transportation clerical employees embedded in other MCDOT divisions report directly to the Deputy Director of his/her assigned division, rather than through the Deputy Director of Administration, (Findings 34-36, 38)
11. the Mendocino County Department of Transportation management direct their employees to Human Resources whenever an employee complaint arises, (Findings 34-49)

12. the Mendocino County Human Resources Department take a direct role in resolving any MCDoT employee complaints, (Findings 40-49)
13. the Mendocino County Department of Transportation Deputy Directors be allowed to exercise authority over their department without interference from the Deputy Director of Administration, (Findings 34-41)
14. the Mendocino County Human Resources Department develop a statistical report documenting employee complaints and their resolution, (Findings 40-47, 49)
15. the Mendocino County Auditor-Controller, Chief Executive Officer, General Services Agency, and Human Resource Department, foster a professional and healthy relationship between each department and with the Mendocino County Department of Transportation, (Findings 20,34, 39-40, 46, 48)
16. the Mendocino County Department of Transportation staff prepare the Road Report, (Finding 50)

Discussion

The Pavement Condition Index is a numerical index between 0 and 100, and is used to indicate the condition of the roadway with 100 representing an excellent pavement. Mendocino County's roads have an overall index of 45 in 2010, indicating poor road conditions, while a reserve in excess of \$4.6 million exists in the MCDoT's accumulated fund balance.

The BOS, CEO, and MCDoT management have not demonstrated a strong commitment to maintaining and improving high ethical and professional standards within the MCDoT.

Since 2006, more than 70 employees have left, transferred, or retired from MCDoT. There is persistent employee-management discontent, which seems to impede employee efficiency and productivity. This ultimately results in the deterioration of staff morale. This dysfunction between MCDoT staff and management may undermine public safety by creating the avoidable and unintentional result of substandard and unsafe road conditions.

Required Responses

Mendocino County Board of Supervisors (Findings 3-6, 10-20, 22-29, 34-50; Recommendations 1-3, 5-16)

Mendocino County Department of Transportation, Director-Road Commissioner (All Findings; All Recommendations)

Mendocino County Chief Executive Officer (Findings 3-6, 10-20, 22-29, 34-50; Recommendations 1-3, 5-16)

Mendocino County General Services Agency, Director (Findings 20-29; Recommendations 5, 15)

Mendocino County Auditor-Controller (Findings 3-6,10-13, 21-33; Recommendations 5-6, 9, 15)

Mendocino County Human Resource Department, Director (Findings 15, 17, 34-49; Recommendations 7, 11-12, 14-15)

Mendocino County Risk Management Department, Director (Findings 15,17, 34-49; Recommendations 7, 11-12, 14-15)

Requested Response

SEIU Field Representative (All Findings; All Recommendations)

Appendix A

Mendocino County Department of Transportation

Organization Chart

