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## MEMORANDUM

**TO:** HONORABLE MAYOR & CITY COUNCIL

**FROM:** Ryan Russo  
Director, DOT

**SUBJECT:** Update on 3-Year Paving Plan Goals

**DATE:** August 16, 2019

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City Administrator Approval

Date: **8/19/19**

/s/

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### INFORMATION

This memo is to provide the Oakland City Council, the Mayor's Office, City staff and the community with information regarding goals related to the 2019 3-Year Paving Plan.

### GENERAL OVERVIEW

On May 7, 2019, City Council adopted a resolution (87673 C.M.S.) establishing the 2019 3-Year Paving Plan (3YP), a more than \$100M plan to repair Oakland's streets. The 3YP represents an aggressive step towards investing in Oakland streets, including tripling annual spending on repaving from recent averages. The plan's investments will keep the majority of Oakland's major streets in good to excellent condition, and massively invest in residential streets.

Per the final resolution, the 3YP was expanded by Council direction to include additional mileage and funds beyond the original proposal for a total construction budget of \$102M. Staff identified that achieving this aggressive expenditure plan would require significant improvements in the speed and efficiency of project delivery, including staffing of budgeted in-house paving and concrete crews and increasing contract authority.

On May 19, 2019, City Council adopted a resolution (87704 C.M.S.) approving contract authority up to \$35M to speed initial project delivery of the \$100M 3YP. In addition, the resolution committed the City Administration to reporting back within 90 days on a goal for in-house City paving and for Local and Small Local Businesses with respect to paving and concrete curb construction.

### GOALS FOR IN-HOUSE PAVING & CONCRETE CONSTRUCTION

The proposed 2019 3YP prioritized repaving on more than 120 miles of streets and established a budget of \$128M, with \$102M toward construction. To achieve this plan in the targeted 3-years, staff have developed an aggressive ramp-up plan for paving production during the next three years, with the following mileage and dollar targets:

**Table 1: 3YP Mileage Targets by Year**

	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>Total</b>
Total Mileage Target	30 mi	40 mi	55 mi	<b>125 mi</b>
In-House Mileage Target	8 mi	16 mi	16 mi	<b>40 mi</b>
Program Expenditures Target	\$36M	\$40M	\$52M	<b>\$128M</b>

The miles-per-year target for in-house construction reflects two inputs. First, it reflects the existing budgeted in-house positions that support paving and concrete construction. In the Fiscal Year 17-19 Adopted Budget, the City Administration championed the addition of 20 new positions to develop a dedicated internal workforce to perform street paving. This was and is an exception in the Bay Area: San Jose, Berkeley, and Fremont are nearby peer cities that do not perform any curb-to-curb repaving in-house. In-house crews are instead dedicated to maintenance activities such as filling potholes, sealing pavement cracks, and making roadway repairs, and contractors perform curb-to-curb paving. The City values its partnership with employees and has been working as a team to recruit staff, support training, provide and maintain equipment, and develop the coordination to build a successful long-term in-house paving operation. As of this report's writing, 15 of the original 20 positions have been fully staffed.

Secondly, the target reflects two years of performance data for in-house paving construction. The typical paving season in Oakland is approximately 8 months long, from April to November when weather is warm and generally dry. During the past two years, in-house crews have averaged less than 5 miles of paving per 8-month season, or less than 0.75 miles per month. The 3YP target for in-house production would triple past performance, setting an ambitious target of 2 miles per month by in-house crews. As with any operational target, ideal conditions will be required to achieve this target, including full staffing, no emergencies that require diversion of paving crews (such as mud slides or sinkholes), no unanticipated equipment issues, and the continued practice of crew members willing to perform work on overtime to complete greater-than-8-hour work days (currently, approximately 30% of concrete staff and 50% of asphalt staff work overtime each week). Any one of these factors can significantly impact paving mileage. In May 2019, for example, a tree fell on the City's primary milling machine. This incident damaged the machine and grounded paving operations until a new machine was delivered in early July 2019. This resulted in approximately 5 weeks of lost paving, or a total of nearly 1 mile of paving.

Based on the targets above and to keep the 3YP on schedule, we anticipate that some time in calendar year 2020, the City Administration will request approximately \$50M in additional contract award authority from the City Council.

**GOALS FOR LOCAL AND SMALL/LOCAL BUSINESS ENTERPRISE PARTICIPATION**

All contracts executed by the City of Oakland are required to demonstrate 50% local, small/local, or very small/local business enterprise participation, either by the prime contractor or by subcontractors, or a combination. Analysis to determine the participation percentages is undertaken by the Contracts & Compliance Unit of the Office of the City Administrator. The following table demonstrates that the portfolio of past paving contracts (2010-2019) have exceeded the 50% LBE/SLBE participation requirement significantly.

**Table 2: LBE/SLBE Participation in Contracted Paving Projects, 2010-2019**

	<b>Participation</b>
Local Business Enterprise	39.4%
Small/Local Business Enterprise	16.1%
Very Small/Local Business Enterprise / Locally Produced Goods	10.4%
<b>Total</b>	<b>65.9%</b>

In 1996, Proposition 209 amended the California state constitution to prohibit state government institutions from considering race, sex, or ethnicity in areas of public employment, public contracting, and public education. However, for tracking purposes the City of Oakland’s Contracts & Compliance Unit compiles additional data on contractors. This data includes self-reported information on whether a firm is a certified minority- or woman-owned business. Since 2010, approximately 12.3% of the dollar value of paving contracts have gone to certified minority-owned businesses and 0.04% have gone to women-owned businesses.

Contracts & Compliance data also includes the self-reported racial/ethnic identity of the principal or president of a firm, or in the case of a corporation, the self-reported racial/ethnic identity of the majority of shareholders. While these data do not represent a firm’s total workforce, in the past, the City Council has requested to see the racial/ethnic data available and it is provided here for general information. Reviewing the past ten years of paving contracts, most contract firms headed by a person of color are certified as LBE/SLBE/VSLBE. In the table below, percentages in each cell refer to the percent of the total 10-year portfolio.

**Table 3: LBE/SLBE/VSLBE Participation by Race/Ethnicity of Firm Principal/President in Contracted Paving Projects, 2010-2019**

Firm Certification Status	Race/Ethnicity of Firm Principal/President						Total
	African-American	Asian Indian	Hispanic/Latino	Not Listed	Other	White	
LBE / SLBE / VSLBE / LPG	3.4%	0.1%	9.7%	3.2%	0.0%	49.5%	65.9%
Non LBE / SLBE / VSLBE / LPG	0.0%	0.0%	1.2%	4.0%	0.7%	28.2%	34.1%
<b>Total</b>	<b>3.4%</b>	<b>0.1%</b>	<b>10.9%</b>	<b>7.1%</b>	<b>0.7%</b>	<b>77.7%</b>	<b>100.0%</b>

Paving contracts are primarily labor and materials for milling and asphalt concrete overlay. Contractors need to have access to significant capital equipment such as milling machines, dump trucks and rollers – this is generally a barrier to entry for small construction firms. Other disciplines include minor concrete, such as for curb ramp construction; signage and striping; and trucking, such as for hauling and off-hauling of materials. The table below provides a cross-tabulation of contractor discipline and race/ethnicity of the contractor’s principal or president by the percentage of the total 10-year portfolio.

Table 4: Type of Work by Race/Ethnicity of Firm Principal/President in Contracted Paving Projects, 2010-2019

Discipline	African-American	Asian Indian	Hispanic/Latino	Not Listed	Other	White	Total
Material Supply <sup>1</sup>	0.0%	0.0%	0.0%	3.2%	0.0%	13.2%	16.3%
Minor Concrete <sup>2</sup>	0.0%	0.0%	9.1%	0.0%	0.0%	0.0%	9.1%
Misc. <sup>3</sup>	0.0%	0.0%	0.8%	0.2%	0.0%	1.5%	2.4%
Prime <sup>4</sup>	0.0%	0.0%	0.0%	0.0%	0.0%	55.8%	55.8%
Specialty Treatments <sup>5</sup>	0.0%	0.0%	0.1%	0.9%	0.7%	3.6%	5.3%
Traffic Signs & Striping	0.0%	0.0%	0.0%	2.8%	0.0%	3.4%	6.2%
Trucking	3.4%	0.1%	0.9%	0.1%	0.0%	0.2%	4.8%
<b>Grand Total</b>	<b>3.4%</b>	<b>0.1%</b>	<b>10.9%</b>	<b>7.1%</b>	<b>0.7%</b>	<b>77.7%</b>	<b>100.0%</b>

In recent years, the Oakland Department of Transportation and Public Works Agency, in coordination with the Contracts & Compliance and the Department of Race & Equity, have worked to further encourage participation of contractors led by people of color. These efforts have included hosting formal and informal business outreach events with the Oakland Black Board of Trade & Commerce, individual contractors, and other industry representatives. In addition, the City is currently analyzing how successful the City has been in achieving its goals of equity and inclusion in awarding contracts to local businesses owned by people of color and women. The City of Oakland Race & Gender Disparity Study is anticipated to be completed in 2019.

Based on the existing requirements for local, small/local, or very small/local business enterprise participation, staff have set a goal for contracting within the 2019 3YP to continue to exceed the 50% participation requirement.

Respectfully submitted,

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Director  
Oakland Department of Transportation

For questions please contact Sean Maher, Public Information Officer for DOT, at 510-238-6358.

<sup>1</sup> E.g. furnish asphalt concrete for overlay

<sup>2</sup> E.g. curb ramp construction

<sup>3</sup> E.g. adjust monuments, surveying

<sup>4</sup> Prime contractor; often primary labor force for mill/overlay

<sup>5</sup> E.g. crack seal, slurry seal, microsurface