



COUNCILMEMBER VIVIAN MORENO
City of San Diego
Eighth District
MEMORANDUM

DATE: June 16, 2023

TO: Andy Hanau, City Auditor

FROM: Councilmember Vivian Moreno

SUBJECT: Suggested Audit Topics for the FY2024 Citywide Risk Assessment and Audit Work Plan

I respectfully request that you consider the following performance audits for the FY2024 Citywide Risk Assessment and Audit Work Plan:

- **Performance Audit of Outside Contracting for City Services**
 - The city often hires outside contractors for a variety of services ranging from legal services to planning to engineering services. It is critical that the use of outside contracts be limited to services that the city requires and does not have the capacity to perform with its existing workforce and that all proper contracting procedures are followed. The following areas should be considered for performance audits in 2024:
 - **Contracted Services and City Workforce:** In many cases, the city procures outside contracts because they provide services and expertise not available within the city workforce. However, in some cases, it is not clear why the city does not have in-house expertise because some, such as consultant contracts related to professional environmental services, architectural, community planning services, brush management, legal services for insurance coverage recovery, tree trimming, slurry sealing and others are services the city requires year-in and year-out. The current practice in many cases has been to acquire these services in a series of five-year “As-

Needed” contracts that allow city departments to utilize the services and expertise on a case by case basis. It is unclear if the use of these contracts is cost effective or if it would be financially advantageous in the long-run to simply hire city employees to perform the work provided through these contracts. Does the city’s overall use of outside contracts result in savings to taxpayers, when taking into account the cost of services, the cost of the contracting process (advertisement, evaluation, management, etc.) and any litigation or settlements entered into between the city and outside contractors? Has management evaluated whether hiring city employees to perform the same tasks would result in either efficiencies or budget savings? Has the city relied on outside contracts when simply filling existent vacant positions within a department would provide the services provided through a contract? Are there specific services that, based on costs, efficiencies, and frequency of service, should be provided through either existing classifications or should new employee classification be created to provide such services?

- **Sole Source Contracts:** The city issues a number of sole source contracts each year. Some sole source contracts are related to emergency services that the city must obtain to effectively respond to an unexpected event, while some are issued because it has been determined that no other entity could provide the services the city requires. Has the city provided sufficient evidence for the use of such contracts over the last ten years? Are sole source contracts often issued to the same contractors? Has the amount spent on sole source contracts increased or decreased over the last ten years? Have the reasons for the issuance of such contracts changed over that time?

- **Performance Audit of City’s Compliance with Americans with Disabilities Act Infrastructure Investment**

Title II of the ADA prohibits discrimination on the basis of disability in all services, programs, and activities provided or made available by local or state governments and their affiliate agencies. The city’s office of ADA Compliance and Accessibility (ADACA) carries out many essential functions for citizens with disabilities by addressing ADA issues, complaints, and lawsuits for the City of San Diego. In recent years, there has been an increase in lawsuits against the City for ADA violations, which may be tied to the lack of resources dedicated to ADA issues in the City.

In the past five years, staffing levels of the City’s Office of ADA Compliance and Accessibility have been reduced. In FY23 it had 3 employees to address ADA issues and projects in a city with 1.4 million people. In comparison, San Francisco, with a population of 815,000 has 7 employees and Los Angeles has 24 employees to serve a population of 3.6 million people.

According to the City’s Accessibility Advisory Board (AAB), several years ago there was a dedicated budget for federally mandated ADA projects. This funding has since been de-centralized and each department was asked to provide funds for their own ADA

transition plan and complaint projects. They contend that this has not been an effective approach as it is difficult to monitor or track and that allocated ADA funds are not always being applied to the highest priority projects as required by ADA law (the unfunded locations with the greatest number and most severe deficiencies). The consequence of this is that unfunded budget needs have greatly increased as these known locations deteriorate further and repair costs become more inflated. The unfunded backlog of the ADA Transition Plan projects is approximately \$35-45 million. The unfunded backlog of the ADA Complaint projects is approximately \$25-35 million with some dating back to 2008.

The auditor should examine whether the city is not just meeting Title II requirements, but also following best practices related to how it plans, funds and builds ADA projects throughout the city. Additionally, the Auditor should examine whether the ADA projects chosen to be built represent a balance between the highest needs and investment in areas that have not historically received a high level of funding for ADA projects.

- **Performance Audit of Homeless Solutions and Strategies Department Contract Management and Distribution of Resources**

In 2023, through an audit of the San Diego Housing Commission, it was revealed that the Homeless Solutions and Strategies Department (HSSD) failed to address several unsafe conditions on properties it oversees via contracts with various providers. If unsafe conditions are allowed to exist and go unaddressed on city sites, it creates an unsafe environment for staff and users of the facilities and opens the city up to potential litigation. As a follow-up to the SDHC audit, the Auditor should conduct a performance audit on HSSD contract management and upkeep of city sites it manages.

- **Performance Audit of Homeless Solutions and Strategies Department Distribution of Resources**

The Homeless Solutions and Strategies Department (HSSD) manages and coordinates various services related to homelessness outreach, facilities and services. HSSD has been unable to account for where outreach services have been performed in the city when asked by City Council. It is critical that as the city continues to invest more in activities related to coordinated outreach to individuals experiencing homelessness that those activities are tracked so that the public knows when and where staff is interacting with individuals it is offering services to. The city should track the location and outcome of each interaction and provide that data to the public so that San Diegans can understand where resources are being deployed. The Auditor should conduct a performance audit on how HSSD tracks the work of city funded outreach teams and if the resulting activity is distributed equitably across communities most impacted by homeless encampments and activity.

- **Performance Audit of Streetlight Maintenance and Installation**

The City has a massive backlog of streetlights that either need to be repaired or replaced. In many cases streetlights need to be installed in areas that have never had them present. In past fiscal years, the city has missed its own annual goal for installing new streetlights and also for how many it repairs each year. It is unclear if the City has a strategy to address this problem. The Auditor should conduct a performance audit of the city's efforts to address the

backlog of streetlights that need to be repaired or installed throughout the city. Additionally, the Auditor should determine if the areas of the city in the most need of street light repair and installation have received an equitable investment to bring those areas up to the same level of service other communities in the city receive.

- **Performance Audit of City Procedures for the Use of Fund Balance/Excess Equity**

In some fiscal years, city revenues outperform the projections in the approved budget. When this happens, it creates fund balance, or excess equity, which is essentially unallocated dollars that exist with the city budget. It is unclear if the city currently follows best practices related to how it manages and utilizes identified excess equity/fund balance. At present, this funding can be used in any manner proposed by the Mayor and approved by the City Council. However, it is not clear if the city is following best practices in the use of fund balance/excess equity. The Auditor should conduct a performance audit on the city's current practices and determine if the city follows best practices in the use of how municipalities should treat these types of funds.

- **Performance Audit of the City's Competitiveness for Federal, State and Regional Grant funding**

In the past three years, the Federal government has made a significant amount of resources available to municipalities for infrastructure projects, climate initiatives and social service programs in the form of grant funding via the Inflation Reduction Act, Infrastructure, Investment and Jobs Act and the American Rescue Plan Act. Additionally, there are multiple State competitive grant programs that the city must also apply and lobby for to receive funding for infrastructure projects, climate action projects and homelessness services. It is critical that the city position itself to effectively apply for and receive those grant funds to ensure it receives its fair share and to maximize the investment in city infrastructure and Climate Action Plan. The Auditor should conduct a performance audit on the city's current practices to apply and lobby for available federal funding and identify any improvements that could result in greater acquisition of such funding. The Auditor should also evaluate the use of procured federal, state and regional funding received by the city and determine if the funding has been spent effectively.

- **Performance Audit of City Efforts to Regulate Unregulated Street Camping**

The City has continued to struggle with the regulation of unsafe and unregulated camping in public places such as sidewalks, parks and canyons by individuals experiencing homelessness. Recently the City Council approved an ordinance that included amendments to the San Diego Municipal Code related to unauthorized camping or encampments on public property. Enforcing this ordinance is key to ensuring that the city prevents encampments in public places and connects as many individuals experiencing homelessness to shelter and services as possible. To ensure the city is effectively enforcing this ordinance, the City Auditor should conduct a performance audit on the city's efforts and activities related to this ordinance and determine if sufficient resources are available to enforce this new law and whether the city has developed an adequate plan to implement the ordinance. The audit should also determine if enforcement of the ordinance is equitably implemented to ensure areas most impacted by the presence of unauthorized encampments are receiving the appropriate level of service and whether the city is properly designating

parks where a significant public health and safety risk exist for enforcement under the ordinance.

Thank you for your attention to and consideration of these items.