




COUNCILMEMBER VIVIAN MORENO
City of San Diego
Eighth District
MEMORANDUM

DATE: June 21, 2024
TO: Andy Hanau, City Auditor
FROM: Councilmember Vivian Moreno 
SUBJECT: Suggested Audit Topics for the FY2025 Citywide Risk Assessment and Audit Work Plan

I respectfully request that you consider the following performance audits for the FY2025 Citywide Risk Assessment and Audit Work Plan:

- **Performance Audit of the Office of Emergency Services' Response to the January 22, 2024 Flooding Event**
 - The Office of Emergency Services (SD OES) oversees disaster preparedness, emergency management and response, including recovery and mitigation programs. The Emergency Operations division of SD OES is responsible for citywide emergency prevention, protection, mitigation, response and recovery. The Emergency Operations division leads the development and review of City-level emergency response plans, facilitates integration of the City's emergency plans both internally and externally, maintains the City's Emergency Operations Center (EOC), and coordinates and oversees relevant citywide emergency training and exercises. The Emergency Operations division also leads City-level efforts and activities regarding advanced planning, hazard mitigation, integration of cybersecurity considerations into emergency plans and emergency response operations, and incorporation of Smart City principles and other leading technological and social trends into the emergency management field.

- SD OES also manages Disaster Cost-Recovery and Grant Management. The Grant Management section manages federal Homeland Security grant funds for the entire San Diego region, and other FEMA grant programs awarded or allocated directly to the City to improve its emergency preparedness. The Disaster Cost Recovery section is responsible for the management and coordination of citywide disaster cost recovery to include federal Public Assistance and state California Disaster Assistance Act. SD OES leads the development and review of San Diego region-wide risk management plans and activities including the San Diego Urban Area (SDUA) Homeland Security Strategy, the SDUA Threat and Hazard Identification and Risk Assessment, and the Stakeholder Preparedness Review. The Regional Training Program administers and coordinates FEMA-funded emergency training courses for the region's first responder, public safety, and emergency management stakeholders.
- On January 22, 2024, the city experienced a storm event that resulted in serious flooding in many neighborhoods. In many cases, residents had to be rescued from their homes or cars because the flood waters were so high. Most concerning were neighborhoods bordering Chollas Creek, such as Southcrest and Shelltown, that saw homes and streets completely flooded causing the displacement of many residents. As the flood waters were rising and residents were in danger, the City's Office of Emergency Services was responsible for coordinating efforts to assist residents during the devastating flooding event and during the immediate aftermath of the disaster and in the recovery.
- It became clear to me, almost immediately, that the City's efforts to assist flood victims was greatly lacking in urgency and organization. Although first responders on the ground, such as the Police Department and Fire-Rescue Department responded to emergency calls and were able to perform admirably, the administration of how best to assist flood victims in the hours, days and weeks immediately following the storm event was inadequate.
- The leadership of the Office of Emergency Services (OES) appeared to be negligent in their duty to effectively respond to the disaster in real time-particularly in the following areas:
 - Failure to take the initial steps needed to quickly procure County, State and Federal assistance, and exhibiting a lack of basic knowledge about how to communicate requests for assistance from those entities;
 - Failure to directly communicate with decision makers at all levels of government;
 - Failure to coordinate with the County of San Diego to ensure a Local Assistance Center was established in close proximity to flood victims;
 - Failure to perform robust outreach to flood victims to offer basic assistance and resources;
 - Failure to quickly utilize and deploy city workers as emergency workers in flood affected areas.
- On May 7, 2024, in direct questioning during the OES Department's FY25 budget hearing regarding the department's response to the disaster, the OES Director rated the Department's performance at an 8, on a scale of 1 to 10. He then went on to state that "*We lacked true situational awareness of the significance of the*

event,” and that the OES “*Didn’t understand the complexity, the impact to that community, and the total destruction that occurred.*”

- The Auditor should do a performance audit on the Office of Emergency Services (OES) response to the January 22, 2024 flooding event, and determine if OES sufficiently fulfilled its stated duty to “*prevent, protect against, mitigate, respond to and recover from threats and hazards that pose the greatest risk,*” for this emergency. The performance audit should also determine where the city failed and where it succeeded in response to the January 22, 2024, floods and make recommendations on how the City can better respond to future emergencies.

- **City Key Performance Indicators**

- The Auditor should do a performance audit on the City’s Key Performance Indicators (KPI) for each major department.
- Key Performance Indicators are included in the City’s annual proposed and adopted budget document. These indicators show the results or outcomes of the department’s performance. They help readers evaluate City services and enables the City to quantify service levels for all departments.
- However, KPIs vary greatly from department to department and are often changed each year, which can make it difficult to track department progress from fiscal year to fiscal year.
- The City Auditor should do a performance audit on the City’s process for developing KPIs for each department that includes the following:
 - Benchmarking for KPIs for major departments in other cities.
 - Evaluation of city’s success in meeting stated KPIs in departments with a significant amount of employees, including determining if KPIs are changed because they are not being met.
 - Process for altering, adding or deleting KPIs and communication to the public regarding need for the change.

- **Affordable Housing Notice of Funding Availability Process**

- The City of San Diego’s Economic Development Department (EDD) and the San Diego Housing Commission (SDHC) both administer funding that is made available for the development of affordable housing through the issuance of Notice of Funding Availability (NOFA).
- Issuing two NOFAs for the same purpose within the city may result in inefficiencies. It also may cause affordable housing developers to spend more resources responding to two NOFAs issued by two different agencies for the same city. Increased costs for developers are often passed onto the final price of a unit, which only makes units less affordable.
- A performance audit should determine if the current practice is a best practice for the city, if there are additional costs for affordable housing developers in responding to two NOFAs and if two city-related agencies issuing NOFAs results in more or less affordable housing than if one agency issued affordable housing NOFAs. Additionally, a performance audit should benchmark how other cities and housing authorities issue affordable housing NOFAs and what types of processes have resulted in the production of more affordable homes.

- **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 2025:
 - **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. At times, 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 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. In 2023, 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 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.
- **Performance Audit of City's Historical Designation Process**
 - The City has a process in place to designate certain types of buildings as historic. This is a critical tool to ensure that San Diego history, culture and architectural

styles are preserved for future generations. However, the current process in some cases has become cumbersome and expensive.

- The Auditor should do a performance audit on the City's current process and structure to determine if changes to the program are needed to make the City's historic designation program more efficient, fair and impactful.

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