



Highlights

Why OCA Did This Study

The City's utility undergrounding program is one of the most ambitious and unique arrangements in the State of California. In accordance with the City Auditor's FY 2014 Work Plan, we conducted a performance audit of the Transportation and Storm Water's Utility Undergrounding Program (UUP). The primary objective of this audit was to determine whether the City is effectively managing costs and achieving efficiencies for the [Underground Surcharge Fund](#).

What OCA Recommends

OCA made [six recommendations](#) that will enhance oversight of the utility undergrounding projects including:

-The Transportation and Storm Water Department (TSW), which manages the UUP, should formally request from SDG&E detailed accounting information, such as estimated costs, bid amounts, percentage completion, and itemized job-to-date costs for all project phases;

-TSW should formally request from SDG&E timelines for all project phases that match dates SDG&E uses in its own internal project management software;

-TSW in conjunction with the City Attorney's Office should review, reconcile, and amend the Municipal Code and Council Policy to ensure consistency as needed and provide project timeline expectations; and

-TSW should use project management software to improve program oversight.

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Utilities Undergrounding Program

Oversight Could Be Improved By Enhanced Tracking of Project Costs and Timelines

What OCA Found

[The Utilities Undergrounding Program](#) (UUP) is a public-private endeavor between the City, San Diego Gas and Electric (SDG&E), AT&T, Cox, and Time Warner Cable to underground utility lines. The UUP has a goal of converting every residential overhead utility line in the City of San Diego over the next 54 years. For FY 2015, the City has budgeted \$60.6 million in surcharge revenue for utility undergrounding. The City has a duty to publically account for utility undergrounding funds, given that the UUP is funded through a ratepayer surcharge. Although the City has been undergrounding lines since 1970, approximately 1,000 miles of overhead utility lines remain to be undergrounded. [Given the long-term nature of this conversion project, it is in the City's best interest to enhance its oversight of utility undergrounding projects.](#)



Undergrounding Trenching



Overhead Pole Removal From Service

[The UUP does not have a comprehensive, accurate, and sound financial picture of how projects are progressing.](#) It needs more detailed accounting information from SDG&E such as estimated amount, bid amount, percentage completion, and itemized job-to-date costs. Without financial transparency, the UUP cannot identify opportunities for cost savings and fully monitor project progress.

[Project scheduling information shared between SDG&E and UUP was outdated and incomplete.](#) For example actual start and finish dates were not included in project tracking data, although the information is available for entry within SDG&E's system.

[The City needs to reconcile the project completion guidelines established in the Municipal Code and Council Policy related to utility undergrounding.](#) While both documents include project timelines, the requirements are inconsistent. Since scheduling information is used for coordination, missing information and unclear timeframe expectations can increase the likelihood of project delays.

[The UUP needs to develop a formalized system of project tracking that sufficiently captures, monitors, and analyzes project data.](#) Enhanced tracking of project cost and timelines by the UUP is important to provide the public with more realistic timeframes for undergrounding progress in their neighborhood.