

Office of the City Auditor  
City of San Diego

**STREET MAINTENANCE:  
City Needs to Improve Planning,  
Coordination, and Oversight to  
Effectively Manage  
Transportation Assets**

**Audit Committee Meeting, February 7, 2011**



Independent • Objective • Accurate

# Introduction

This audit was conducted in accordance with the *City Auditor's Annual Risk Assessment and Audit Work Plan for Fiscal Year 2011*.

# Objectives

We determined the extent to which the City effectively

1. invests resources and manages street assets to obtain the best return on investment,
2. coordinates work performed on or under City streets, and
3. provides oversight of work performed by private entities.

# Scope & Methodology

- We conducted our review between October 2009 and November 2010 in accordance with Generally Accepted Government Auditing Standards.
- We focused our scope on the inter-department and inter-organizational coordination issues relating to street resurfacing and management of transportation assets.

# Background

- Years of underinvestment in transportation assets have resulted in \$377 million in deferred maintenance.
- Transportation asset management is a strategic, comprehensive approach for the optimal long-term management of transportation assets.
- Pavement preservation focuses on preserving and maintain existing streets because it is easier and less expensive than repairing one in poor condition.

# Summary of Findings

We identified three major findings:

1. **City's investment in pavement preservation is limited, and improvement is needed to effectively manage transportation assets.**
2. Coordination and planning of streets-related work is limited.
3. The City lacks oversight over the excavation of streets by private entities.

# Finding 1

*Investment in resurfacing is limited due to tight financial constraints and restrictions on the use of available funds.*

- ◆ City spent \$132.8 million on resurfacing since 2004
- ◆ At least 17 percent of streets are in poor condition (OCI < 39)

# Finding 1

*The City has not comprehensively managed transportation assets and investment, but plans to consolidate management in a new department.*

- ◆ Transportation responsibilities decentralized among at least 6 departments/divisions
- ◆ Functions consolidated under Transportation and Stormwater Department on January 1, 2011

# Finding 2

## *Public and private entities are excavating newly resurfaced streets.*

- ◆ Departments are not required to plan citywide excavation work or share plans with private entities
- ◆ Municipal Code allows nonlinear cuts or trenchless technologies, even though these also degrade and damage pavement

# Finding 3

*Issuing permits and collecting fees is key to providing oversight and control of development and construction projects in the City.*

- ◆ DSD lacks complete information on waivers issued to private entities during moratorium
- ◆ **DSD's collection of fees has declined by 98 percent** since fiscal year 2005, and complete and accurate information on permits is not available

# Recommendations

- We made 14 recommendations to improve:
  - ◆ Planning and management of transportation assets
  - ◆ Coordination and efficiency of street-related projects
  - ◆ Oversight of work performed by private entities
- The Department agreed to implement all of our recommendations.

# Attachments

# Recommendations

## *Improving Planning and Management of Assets*

1. Assess the most effective organizational structure to manage transportation functions to improve efficiency, enhance coordination, and allow the Department to implement asset management.
2. Appoint a leader to advocate for asset management and investment.
3. Begin to take steps to implement asset management: setting well-defined goals; establishing and reporting performance measures; developing short- and long-term plans; and annually reporting investments in transportation.

# Recommendations

## *Improving Coordination and Efficiency*

4. Develop 24-month Citywide excavation plan for all maintenance work and share this plan with City departments and private entities to prevent conflicts.
5. Develop and implement a documented process for ensuring compliance with trench cut requirements and identify conflicts in a more timely manner.
6. Develop suggested changes to Municipal Code for holding nonlinear cuts/trenchless technologies to the same standards as linear cuts during moratorium.
7. Establish one Citywide subscription and email account for Underground Service Alert notifications.

# Recommendations

## *Improving Oversight and Coordination of work performed by private entities*

8. Establish written procedures and internal controls for inspections of work performed by private entities to ensure compliance with permit requirements.
9. Revise City standards for trench restoration to establish more stringent requirements and ensure streets are restored to an acceptable level.
10. Enforce trench repair requirements and establish stringent penalties for unpermitted work which fully cover the cost of current and future degradation; are based on current costs and annually updated; and incentivize public and private entities to coordinate street excavations.

# Recommendations

## *Improving Transparency and Accountability*

11. DSD should require written and complete records of in-lieu warranties and waivers and other information needed by E&CP/Field Engineering to inspect, monitor, and enforce contracts and should also track this information in PTS.
12. Reconcile right-of-way permits issued with excavation fees collected for fiscal years 2007-2010, and identify an effective way of reporting this information to the new Department in future years.

# Recommendations

## *Improving Planning, Management, and Oversight of Resurfacing Contracts*

13. Revise current procedures for pavement management and contracts to include conducting thorough and timely site assessments to ensure cost estimates are as accurate as possible.
14. Define roles and responsibilities for managing resurfacing contracts and providing construction management services, and establish a mechanism for internal control and oversight of resurfacing contracts.