

11-C-0552

A COMMUNICATION BY CITY
AUDITOR LESLIE WARD:

SUBMITTING THE PERFORMANCE
AUDIT REPORT REGARDING THE
DEPARTMENT OF PUBLIC WORKS
REGULATION OF UTILITY STREET
CUTS.

Filed

MAY 1 6 2011

Committee _____
Date _____
Chair _____
Referred To _____

First Reading

FINAL COUNCIL ACTION
 2nd 1st & 2nd 3rd
Readings
 Consent V Vote RC Vote

Committee
Date April 26, 2011
Chair
Action
Fav, Adv, Hold (see rev. side)
Other
Members

Committee
Date May 10, 2011
Chair
Action
Fav, Adv, Hold (see rev. side)
Other
Members

CERTIFIED
MAY 16 2011
ATLANTA CITY COUNCIL PRESIDENT

Refer To
Committee
Date
Chair
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Other
Members

Refer To
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Date
Chair
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CERTIFIED
MAY 16 2011
MAYOR'S ACTION
MUNICIPAL CLERK

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1ST ADOPT 2ND READ & REFER
- PERSONAL PAPER REFER

Date Referred: 4/18/11

Referred To: City Utilities

Date Referred:

Referred To:

Date Referred:

Referred To:

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Atlanta City Council

REGULAR SESSION

11-C-0552

SUBMITT.PERFORMANCE AUDIT REGARDING
DEPT.OF PUBLIC WORKS
FILE

YEAS: 14
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 0
EXCUSED: 0
ABSENT 2

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B Hall	Y Wan	Y Martin	Y Watson
Y Young	Y Shook	Y Bottoms	Y Willis
Y Winslow	Y Adrean	Y Sheperd	B Mitchell

11-C-0552



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CITY OF ATLANTA

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Ex-Officio: Mayor Kasim Reed

AMANDA NOBLE
Deputy City Auditor
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TO: Mayor Reed, President Mitchell, and City Council members

FROM: Leslie E. Ward *lw*

DATE: April 13, 2011

SUBJECT: Performance Audit: Department of Public Works Regulation of Utility Street Cuts

The report listed above is attached for your review. Feel free to contact me if you have questions or want to discuss the report.

Cc:

Peter Aman, Chief Operating Officer, Mayor's Office
Duriya Farooqui, Deputy Chief Operating Officer, Mayor's Office
Candace Byrd, Chief of Staff, Mayor's Office
Katrina Taylor, Deputy COS, Mayor's Office
Sonji Jacobs Dade, Director of Communications, Mayor's Office
David Bennett, Senior Policy Advisor, Mayor's Office
Cathy Hampton, City Attorney
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Rhonda Dauphin Johnson, Municipal Clerk
Dexter Chambers, Director, City Council Office of Communications
Alfred Berry, Committee Analyst
Larry Stokes, Committee Analyst
Audit Committee

**Performance Audit:
Department of Public Works
Regulation of Utility Street Cuts**

April 2011

**City Auditor's Office
City of Atlanta**

File #10.07



CITY OF ATLANTA
City Auditor's Office
Leslie Ward, City Auditor
404.330.6452

April 2011

Why We Did This Audit

We undertook this audit because public and private utility companies frequently cut into public streets and sidewalks to install, maintain, and repair utility-related infrastructure. Excavation on city streets reduces the useful life of pavement and failed cuts create hazards. The Department of Public Works is responsible for enforcing city code requirements regulating use of the public right-of-way.

We focused our audit on enforcement of regulations related to excavation in the public right-of-way.

What We Recommended

In order to enforce city code requirements regulating use of the public right-of-way, the Commissioner of Public Works should:

- consolidate the permitting function to coordinate regulatory activities
- develop detailed policies and procedures that explain the permitting, inspection, and recordkeeping requirements for excavation
- re-prioritize inspectors' workloads to ensure that they are able to complete all required inspections
- ensure that repaving is coordinated with street cut work
- enforce insurance and bonding requirements
- ensure all utility street cuts made by the Department of Watershed Management are permitted and inspected as required by city code

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or sjackson@atlantaga.gov

Performance Audit:

Department of Public Works Regulation of Utility Street Cuts

What We Found

While the city's right-of-way ordinance establishes requirements consistent with industry practices for regulating utility street cuts, the Department of Public Works lacks effective enforcement to ensure that the streets are adequately restored when construction is completed. The department's written procedures for permitting and inspecting utility street cuts are incomplete, and employees do not keep hardcopy or electronic records to show that inspectors are conducting all required inspections before warranties for the work expire. Further, the department is not ensuring that franchised utilities comply with bond and insurance requirements. As a result, the city may be responsible for repairs or damages if cuts fail. The city paid \$218,000 in damages during fiscal year 2010 related to right-of-way activity.

Program records are inadequate to track utility street cuts in the right-of-way. Employees were unable to identify owners of utility street cuts or provide copies of permits for any of the 26 utility street cuts we randomly sampled. The department does not consistently track metal plates in the right-of-way. Employees identified the owner of metal plates at one of four sites that we asked about, and provided a copy of the permit application, but were unable to locate the approved permit or any information about seven metal plates at the other three sites. Two sections within the department issue permits for utility street cuts, making tracking and recordkeeping difficult, particularly without written policies and procedures for recordkeeping.

Public works has not ensured that the Department of Watershed Management's utility street cut work is permitted or inspected according to the city's right-of-way ordinance. Public works personnel said they do not have enough staff to conduct all required site inspections of permitted work. Since employees do not compile data on the number of permits issued for utility cuts, and the department has prioritized response to requests for service over inspections of permitted utility work, the department cannot accurately assess its staffing needs.

Management Responses to Audit Recommendations

Summary of the Department of Public Works' Management Responses		
Recommendation #1:	The Commissioner of Public Works should consolidate the permitting function to help coordinate permitting activity.	
Response & Proposed Action:	Public Works has begun working with internal staff and Watershed Management to consolidate permitting and has requested funds in the FY12 budget to create an online permitting system for all permits.	Agree
Timeframe:	Three months for consolidation (07/11); nine months for online permitting (01/12)	
Recommendation #2:	<p>The Commissioner of Public Works should develop detailed policies and procedures that explain the permitting, inspection and recordkeeping requirements for excavation in the public right-of-way. The procedures should:</p> <ul style="list-style-type: none"> • clarify employees' responsibilities for processing permits • clarify permit requirements to ensure that street cut activity is permitted • provide standard guidelines for conducting preliminary, interim, post-closure and warranty inspections • describe a process for complete and easily accessible recordkeeping, including copies of permit applications, permits, inspection results, and the location of metal plates 	
Response & Proposed Action:	While some SOP's checklists for preliminary and post closure inspections were provided (albeit piecemeal and brief), additional interim and warranty checklists will be developed. All SOP's and checklists will be synthesized into a comprehensive document with detailed policies and procedures that explain the permitting, inspection and recordkeeping requirements for excavation in the right-of-way to include all recommended components.	Agree
Timeframe:	3-4 weeks (05/11)	
Recommendation #3:	The Commissioner of Public Works should re-prioritize the inspectors' workloads to ensure that they are able to complete all required inspections.	
Response & Proposed Action:	As of October 2010, only the inspection supervisors will handle service requests. The seven inspectors will only focus on inspections.	Agree
Timeframe:	Immediately	
Recommendation #4:	The Commissioner of Public Works should ensure that repaving activity is coordinated with street cut work.	
Response & Proposed Action:	Coordinate major projects by overlaying proposed LARP resurfacing projects and the utilities companies' projects using GIS mapping. Cannot coordinate right-of-way maintenance repairs. Restoration guidelines will depend on the age of the street's last resurfacing.	Agree
Timeframe:	Immediately	
Recommendation #5:	The Commissioner of Public Works should use all available options, including requiring insurance and bonding, to enforce the right-of-way ordinance.	
Response & Proposed Action:	Coordinate with franchised utilities to obtain insurance and bonding and create a system to track and enforce requirements.	Agree
Timeframe:	Six months (10/11)	
Recommendation #6:	The Commissioner of Public Works should ensure all utility street cuts made by the Department of Watershed Management are permitted and inspected as required by city code.	
Response & Proposed Action:	Create a process for permitting all of Watershed's work. Watershed's permitted work will be inspected.	Agree
Timeframe:	Six months (10/11)	



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Donald T. Penovi, CPA, Vice Chair
Marion Cameron, CPA
C.O. Hollis, Jr., CPA, CIA
Ex-Officio: Mayor Kasim Reed

April 18, 2011

Honorable Mayor and Members of the City Council:

The Department of Public Works is responsible for enforcing city code requirements regulating excavation in the city's public right-of-way. Utility companies often cut into the streets to install, maintain and repair utility-related infrastructure; this excavation creates hazards for motorists and pedestrians, and reduces the useful life of the pavement. The city paid \$218,000 in damages during fiscal year 2010 related to right-of-way activity. If cuts made to the street fail, the city may be responsible for repairs.

While the city's right-of-way ordinance establishes requirements that are consistent with industry practices for regulating utility street cuts, the Department of Public Works lacks effective enforcement to ensure that construction work is inspected and the streets are adequately restored when construction is completed. Further, program records are inadequate to track construction in the right-of-way, and the department has not ensured that utilities comply with bond and insurance requirements.

Our recommendations focus primarily on consolidating the permitting function to coordinate and comply with inspection and other regulatory requirements and enforcing bond and insurance requirements to minimize the city's loss exposure.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Melissa Davis, Sterling Thomas, and Stephanie Jackson.

Leslie Ward
City Auditor

Fred Williams
Audit Committee Chair

Utility Street Cuts

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