



Highlights

Highlights of OCA-11-009

Why OCA Did This Study

Transportation assets are among the most highly valued financial assets for state and local governments, but years of underinvestment have resulted in deferred maintenance and deteriorating infrastructure. As the City of San Diego continues to face unprecedented budgetary pressures, officials must make the best possible use of limited resources. This audit was conducted in accordance with the City Auditor's Fiscal Year 2011 Audit Work Plan to determine 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. To do this, OCA analyzed financial data; reviewed best practices for transportation asset management; reviewed and evaluated the San Diego Municipal Code and policies to limit street excavations; and assessed departmental procedures for planning, coordination, and oversight of streets-related work.

What OCA Recommends

OCA is making 14 recommendations to the City to improve the management of transportation assets, including assessing the most effective organizational structure, appointing a leader to advocate for investment, and beginning to implement transportation asset management. OCA also recommends that the City establish a 24-month excavation plan for all maintenance work and share this with City departments and private entities; require that nonlinear cuts and trenchless technologies are subject to the trench cut moratorium similarly to linear cuts; and establish written policies and procedures and internal controls for inspections of work performed by private entities in City streets.

For more information, contact Eduardo Luna at (619)533-3165 or cityauditor@sandiego.gov

November 2010

STREET MAINTENANCE

City Needs to Improve Planning, Coordination, and Oversight to Effectively Manage Transportation Assets

What OCA Found

The effective management of transportation assets and infrastructure requires sustained financial investment in pavement preservation and prioritization of capital assets that, if maintenance is deferred, will cost more in future years. We found that the City's investment in pavement preservation is limited due to financial constraints, competing funding priorities, and restriction on the use of available funds. The City invested \$133 million or about 11 percent of total expenditures on transportation for resurfacing streets between fiscal years 2004 and 2010. Further, the City has not comprehensively managed transportation assets and investments, and transportation responsibilities have been decentralized among various functionally-segregated departments, contributing to coordination and oversight challenges. Based on our concerns and recommendations, the City plans to reorganize and consolidate transportation management functions under a new Transportation and Storm Water Department. Without a unifying organizational structure that encourages efficiency, collaboration, and proactive management of transportation assets, the City cannot make wise investments.

Planning and coordination of all work on or under streets is critical to limit excavations—which will degrade and shorten pavement life—into newly resurfaced streets. San Diego Municipal Code prohibits excavations into streets that have received asphalt overlay and slurry seal, for three years and one year, respectively, with a few exceptions such as nonlinear excavations. About 18 percent of a sampling of 40 streets resurfaced during fiscal year 2009 were excavated by City departments or private entities during the moratorium period. While these cases were within the exceptions of the Municipal Code, OCA believes that effective planning and coordination of this work would have enabled the City to avoid such excavations and leverage resources for resurfacing. Without improved planning and coordination of citywide maintenance that impacts streets, continued excavations will degrade pavement conditions, increase lifecycle costs, and reduce the City's ability to leverage resources and obtain the return on investment.

Issuing permits and collecting fees are crucial components in providing oversight and control of development and construction projects in the City; however, the department responsible for issuing permits—the Development Services Department (DSD)—lacks complete and accurate information on permits and fees. OCA could not determine if permits were in accordance with moratorium requirements, such as receiving a waiver for new service installations, because DSD does not require that this information be recorded in its Project Tracking System. Further, excavation fees collected by DSD declined by 98 percent between fiscal years 2005 and 2010. Without effective and efficient permit issuance, the City is not overseeing and coordinating work done on or under streets by private entities. By not collecting fees, the City is losing much needed revenue to maintain and repair streets.