
OFFICE OF THE CITY AUDITOR

AUDIT OF THE EFFICIENCY AND EFFECTIVENESS OF THE STREET CUT REPAIR PROCESS

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Memorandum



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Honorable Mayor and Members of the City Council
City of Dallas

We have conducted an audit of the efficiency and effectiveness of the street cut repair process, which is administered and overseen by the Department of Public Works and Transportation. Street cuts are performed by various City departments (primarily Public Works and Transportation and Dallas Water Utilities) and private utility companies. Each of these entities is required to comply with applicable City Code requirements and the City's Pavement Standards Repair Manual.

In our opinion, the street cut repair process generally achieves its stated purposes; however, improvements should be made to increase the program's efficiency and effectiveness. Improvements should address:

- Developing measures to uniquely identify each street cut.
- Monitoring street cuts to ensure that they are repaired in a timely and acceptable manner.
- Requiring some street repair permit applicants to submit bonds.
- Requiring street cut permit applicants to comply with insurance requirements as stipulated by City Code.
- Assessing administrative and other applicable fees for cut control services, and requiring street cutting entities to fully compensate the City for cuts that degrade streets.
- Ensuring that street cut permit applications are thoroughly and objectively evaluated.

These concerns are discussed in the *Opportunities for Improvement* section of this report.

We appreciate the cooperation of City staff during our examination.

Thomas M. Taylor

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c: Teodoro J. Benavides, City Manager

**AUDIT OF THE EFFICIENCY AND EFFECTIVENESS OF THE
STREET CUT REPAIR PROCESS**

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EXECUTIVE SUMMARY

We have conducted an audit of the efficiency and effectiveness of the street cut repair process, which is administered and overseen by the Department of Public Works and Transportation (PWT). Our audit covered February 1, 2001, through July 31, 2002. As a result of our inquiries, observations, examinations, and tests, we conclude that efficiency and effectiveness improvements are needed in administering, monitoring, and reporting street cut activity. Identified improvements include ensuring that:

- Each street cut is easily and uniquely identifiable.
- Street cuts are properly and timely repaired.
- Some street repair permit applicants submit bonds.
- Street cut permit applicants comply with stipulated insurance requirements.
- Fees are assessed for street cut control administrative and related services and that street cutting entities fully compensate the City for cuts that degrade streets.
- Street cut permit applications are thoroughly and objectively evaluated.

We have summarized our opportunities for improvement below.

- City Code requirements pertaining to permanent street repairs and street cut permits are not consistently met. The most common violation identified by inspectors is exceeding the fourteen-day time limit for making permanent repairs. City Code states that "A temporary repair may not remain on public right-of-way for more than 14 calendar days after the completion of the repair or installation...unless a time extension has been granted by the director..." Working without a permit is the second most common violation identified by inspectors. City Code Section 43-139 (a) states, "A person shall not perform any construction, except for an emergency activity, within a public right-of-way without first obtaining a permit from the Director prior to the start of construction. A person who undertakes any work outside of the public right-of-way... shall also obtain a permit under this section." Currently, there are no penalties/fines imposed for these violations.
- The identification of street cuts is sometimes difficult due to not having adequate identification techniques. Street cut repairs are warranted for five years. If the street cut repair fails within the five-year period, it is essential for the City to have an accurate, expedient way of identifying the responsible entity.
- Some street repair permit applicants are not required to submit bonding as a condition for obtaining a permit. Such bonds would provide reasonable assurance that adequate financial resources are available to pay the costs of correcting repair deficiencies if needed.
- Various street cut repair providers did not have required minimum insurance coverage or comply with insurance policy provisions of the City Code.

- The street excavation permit system (SEPS) does not adequately meet City administrative/oversight needs. SEPS is a database that shows all street cut permits, status of those permits, and significant information regarding the permitted street cut (e.g., permittee, event dates). We identified the following concerns:
 - (a) The SEPS does not provide integrated and centralized information on all street cut repairs. Inspection reports are manual and, therefore, not incorporated in the SEPS. Related information from the Street Condition Inventory Report is not integrated or referenced.
 - (b) The SEPS does not have sufficient prompts/security safeguards to adequately notify oversight personnel of information deficiencies, inconsistencies, or authorization concerns.
 - (c) Other identified system needs.
- The City does not currently assess permit, inspection, or degradation fees. (Thirteen cities surveyed assess various fees for permit, inspection, and degradation.)
- Inspectors do not have a procedure manual or adequate performance measures. Inspectors are solely trained on the job. The department has a Pavement Standards Manual, which deals with the physical dimensions of street cuts and other provisions based on City Code requirements. However, the Pavement Standards Manual does not address the administrative tasks of the job (i.e., inspection procedures, documentation, and other administrative procedures).
- Dallas Water Utilities (DWU) permits do not require PWT approval to work in the public right-of-way. DWU has been allowed to obtain permits without going through a PWT verification and approval process. We found no evidence that PWT has ever reviewed DWU street cut permits or that a question had been raised regarding whether PWT should review DWU street cut permit applications. The permit information system may be at risk because of inaccurate or non-submitted information.

We commend the department for taking positive steps to resolve these issues.

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Authorization

We have conducted an audit of the efficiency and effectiveness of the street cut repair process, which is administered and overseen by the Department of Public Works and Transportation (PWT). This audit was conducted under the authority of Chapter IX, Section 2 of the Dallas City Charter and in accordance with the Annual Audit Plan approved by the City Council.

Scope and Methodology

Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included tests of the accounting records and other audit procedures that we considered necessary in the circumstances. Our audit covered February 1, 2001, through July 31, 2002.

The objectives of our audit were to determine whether:

- Street cuts are identified and repaired in a timely manner.
- The City has appropriate record keeping and documentation policies and adheres to applicable City Code provisions and other regulations.
- The City is fully compensated for present and future degradation caused by street cuts.

To achieve our audit objectives, we:

- Observed performance of assigned daily inspections.
- Conducted interviews with PWT personnel.
- Reviewed the web based Street Excavation Permit System (SEPS).
- Examined PWT documentation.
- Surveyed other cities. (See Exhibit.)

Overall Conclusion

In our opinion, street cut operations generally achieved its stated purpose; however, we did identify improvements to ensure the program's efficiency and effectiveness. Improvements should include ensuring that:

- Each street cut is easily and uniquely identified and is repaired properly and in a timely manner.
- Applicable City Code provisions are complied with; these provisions should require adequate record keeping and documentation.

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- Fees are assessed to adequately cover the costs of cut control administrative and related services and that street cutting entities fully compensate the City for cuts that degrade streets.

Our concerns are discussed in the *Opportunities for Improvement* section of this report.

Background

The Dallas City Code, Article VIII, Section 43-135 states, "PAVEMENT CUT means a cut made into the paved surface of the public right-of-way." All street cut repairs originate with a permit. Currently, a fee is not charged to obtain a street cut permit. A permit provides the City with a record of who did the work. Additionally, the permit process provides greater assurance to the City that the related work will comply with applicable provisions of the Dallas City Code.

According to PWT personnel, the majority of City street excavations made are for repairs to existing services and for installation of new services. The excavations are generally small and usually located above a leak or other utility problem. For new utility service (i.e., gas, water, electricity), there may be a street cut extending from the main utility line to the connecting property. Utility line repair is typically completed within one or two days, and the hole in the street is backfilled and temporarily patched until a permanent repair can be made. The temporary patch crew is generally not prepared to make permanent repairs. Another crew will remove the temporary patch and construct a permanent asphalt or concrete repair within fourteen days. The City Code requires permanent repairs to be made within fourteen days after making a temporary repair.

A major project is typically for the installation of a new line and/or the relocation of an existing line (e.g., telecommunication providers may be installing a new line to service a large area or a new development). An excavation may be several city blocks long and vary in width. The line is placed as the excavation is made. The line is typically inspected, then covered with backfill materials or metal plates. Such projects vary in duration (e.g., a new water line may take several months to complete). Testing and chlorination of a water line must also be completed

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before the contractor is allowed to permanently cover the excavation. In these cases, the backfill and temporary surface patch may be in place longer. The patch will be monitored and repaired or replaced if needed.

Street cuts are made by various City departments (primarily PWT and Dallas Water Utilities [DWU]) and private utility companies (non-City). All street cutting entities are required to comply with applicable City Code requirements and the City's Pavement Standards Repair Manual. The inspection process is the same for all street cuts. However, City department permit applications are not independently verified, and City departments are exempt from street cut related insurance requirements (the City is self-insured),

The web-based SEPS facilitates the application and approval of street cut permits. Users of the system are called system subscribers. A subscriber can enter a permit directly on-line. A non-subscriber must bring the information to the PWT office. Entities apply for a permit for the following reasons:

Type of Permit	Percent
Repair Existing Services	42%
Provide New Services	31%
Repair Old Cuts	18%
Set Up New Lines	6%
Other	3%

Work locations are as follow:

Location	Percent
Streets	67%
Sidewalks	19%
Alleys	9%
Parkways	4%
Medians	1%

During the audit period, there were 14,380 permits applied for. The table on the following page lists these users and their respective permit applications.

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Street Cut Permits Applied For From March 1, 2001 - July 18, 2002		
Permit Applicant	# of Permits Applied For	Percent
Lone Star Gas (ONCOR)	4,652	32.4%
DWU – Distribution	4,572	31.8%
DWU - Wastewater	2,647	18.4%
Public Works	610	4.2%
DWU - Pipeline Cap. Imp.	563	3.9%
Southwestern Bell	349	2.4%
Others (46 subscribers)	987	6.9%
Totals	14,380	100%

The permit process is initiated by the submission of a permit request and the delivery of plans to the Utility Coordinator (UC) by fax, mail, or hand. System subscribers (including PWT and DWU) enter their permit request on-line; non-subscribers submit their information to the UC, and the City enters their permit information into the system. The UC must review and approve each plan submitted. At the time of approval, the UC assigns a plan approval number, enters information into a log maintained for approved plans, and faxes the approval to the applicant. The UC reviews and approves all permits, except for those for DWU. After the UC approves a permit, subscribers must contact the Administrator to change any information on the permit. Subsequent to the UC’s approval, the SEPS generates the permit number with an effective date.

Once the permit is put into the SEPS, the Street Cut Control Section handles the inspection process. All new permits for a specified period will be printed, and each permit will be assigned to the responsible inspector. Each inspector is responsible for monitoring/inspecting cut control activities within specified areas of the City. Inspectors will use information from the permit to make an initial observation of the street cut location to ensure the street cut complies with the City Code and Pavement Standards Manual. During site visits, inspectors:

- Check the quality of repairs.
- Assess street cut repairs for any damage to other utilities or improvements.
- Ensure that contractors adequately provide for the safety and convenience of the public.

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Each inspector uses a daily activity log to document the location, responsible party, action needed or taken, and violations noted for each site inspection. Inspectors note the size of the cut, the quality of the backfill and compaction, and perform damage assessment, as needed. Inspectors immediately contact the responsible contractor/permittee regarding needed actions. Each inspector keeps files to remind them when to schedule and perform needed follow-up activities. During site visits, inspectors will note the street cuts that do not comply with current guidelines and ensure that contractors/permittees adequately correct deficiencies. Once the permanent repair is made, the SEPS should be updated to reflect that the permit is closed out. System subscribers close out their permits. PWT personnel close out permits for non-subscribers. However, the inspection process is not integrated with the SEPS.

PWT provided the following unaudited information for fiscal years 2001, 2002, and 2003.

COST OF OPERATING - CUT CONTROL	ACTUAL FOR		BUDGET FY02-03
	FY00-01	FY01-02	
Inspection*	\$394,415	\$364,101	\$384,779
Administration and Other*	\$49,714	\$55,008	\$41,216
Total	\$444,129	\$419,109	\$425,995

*Net of reimbursement

There are eleven employees, including eight inspectors, assigned full time to the street cut repair process. For the period January through June 2002, inspectors conducted 6,927 inspections, or a monthly average of 1,155. The number of inspections by district is as follows:

Districts	CBD*	Southeast	Southwest	Northeast	Northwest	Total
Inspections	999	1,207	1,532	1,709	1,480	6,927

*Central Business District

Violations identified during daily inspections are summarized on monthly enforcement reports. Violations are recorded and monitored by inspectors. Violations are not input into the SEPS. Most violations are for exceeding the fourteen-day time limit for

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temporary repair permits or for making street cuts without a permit. During our six-month test period, the number and type of violations incurred by various users are summarized in the following table, using unaudited information obtained from PWT reports:

Violations Identified by Inspectors: January – June 2002				
User	Street Cut Without a Permit	No Sign In Place	Repair on Newly Constructed Street Not Proper	Final Repair Not Done Within 14-Day Time Limit
ONCOR	125	36	2	144
DWU – Distribution	33	8	2	95
SWB	33	34	2	21
DWU – Wastewater	16	1	3	41
DWU – Construction	17	22	3	14
Other	4	17	4	12
Total	228	118	16	327

To date, penalties have not been imposed for cutting a street without a permit. PWT is exploring the possibility of issuing tickets for non-compliance, in accordance with the provisions of the City Code specific to street cuts. City Code states that entities that have temporary street repairs exceeding fourteen days may be denied issuance of additional street cut permits until all street cuts that are over fourteen days old have been permanently repaired. Most violations noted were followed up with by inspectors and corrected by the responsible contractor/permittee during the inspection process.

Based on our limited review of relevant literature, there does not appear to be universally agreed upon best practices for repair of street cuts within the public right-of-way. Universal best practices are difficult to establish due to:

- The regional differences in soils and climates.
- The lack of irrefutable conclusions resulting from related research.

Local ordinances seem to be the primary guidance for street cuts requirements; however, they seem to vary widely in their requirements. We surveyed thirteen cities (six in Texas) regarding various street cut related issues. (See Exhibit.)

MANAGEMENT'S ACCOMPLISHMENTS

Management staff of PWT was asked to provide their comments regarding procedural and operational changes and improvements. We did not verify this information for accuracy. Management's unedited comments follow.

Responsibility for the operational control of the Street Cut Permit System and Inspection of Street Cut Repairs was moved to Public Works and Transportation (PWT) from Street Services (SSD) in October 2000. PWT assumed responsibility for and initiated three major tasks at the time, which were accomplished during the audit period.

PWT helped to develop the draft of a new, comprehensive right-of-way (ROW) management ordinance. The ordinance was necessary to regulate activity in the public right-of-way after State law passed deregulating the telecommunication industry. PWT obtained Council approval January 2001. The new ordinance became effective March 1, 2001.

The ordinance was a significant accomplishment toward improving the regulation of construction work and street repairs by private utilities in the public right-of-way. The new ordinance included the following provisions for which no previous provision existed.

- Registration of Public Service Providers (PSP) – Identifies the company and their contacts.
- Plans of Record – Generalized location maps of utilities in ROW.
- Major Project definition – 300 ft pavement cut in a single street or alley. Provides for a longer review period on projects where more planning and coordination may be crucial.
- Insurance requirement – Large project, \$25M; Small project, \$500K. Not required for sidewalk/driveway approach repair for an abutting single-family or duplex residential.
- Project Identification – A sign or vehicle identification with phone number is required for projects.
- Warranty – 5 years on pavement repair.
- Conformance with Public Improvements – PSP must move their facilities to accommodate City construction within 90 days of notification.
- Emergency/Safety Repairs – PSP must make repairs to hazardous locations immediately when notified by PWT Director.
- Mutual notification of annual work plans – Annual exchange of upcoming work.
- Special requirements for boring or directional drilling – Plans must be approved by PWT Director. Contractor must locate water lines in advance of construction.
- Joint trenches – May require PSP's to share trench space to minimize disruption.
- Limit on temporary repairs – Temporary repairs are limited to 14 calendar days.

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- Special restoration requirements for new pavement – Minimum one lane width replacement required for pavement 5 years old or less (larger repair area than standard).
- Enforcement – In addition to fines, PWT Director may deny, suspend or revoke a permit.

New repair standards were developed in conjunction with the new ordinance. The Pavement Cut and Repair Standards manual was published effective March 1, 2001. The manual promulgates the technical criteria and details necessary to implement the ordinance provisions.

In addition, PWT conducted two informational workshops, attended by the right-of-way users, to help familiarize them with the new rules, regulations, and technical criteria. Over 60 representatives from the local utility companies attended the first workshop.

Another accomplishment by PWT was the enhancements to the computer permit system and database. PWT staff was responsible for the initial migration and programming of the current web-based system from an old PC-based system. PWT was also responsible for initiating and working closely with Communication and Information Systems (CIS) programmers on recent enhancements that further improved the system. The enhancements include moving the programming and database to a new SQL server, more capacity and faster access, enhanced reporting capabilities, more accurate addressing of permits by utilizing city's Geographic Information System (GIS) database, ability of Utility Coordinator to approve permits on-line, and better tracking features including the 14 day limitation on temporary excavation repairs. The latest version of the program went on-line on March 22, 2002.

During the audit period, PWT was able to accomplish some significant improvements in enforcement. PWT hired three new inspectors for the Cut Control section. Two inspectors were hired in November 2001, and one in December 2001. This completed filling the available inspector positions dedicated to Cut Control. Cut Control reorganized the territory patrolled by each inspector to better handle the workload. Cut Control also created new reports to track compliance with the new rules. New files were created to track permit violations and corrections made by the permit holders.

These accomplishments have lead to significant improvements in the administration and enforcement of regulated construction activities in the public right-of-way and many positive results, including the following:

- A reduction in damage incidents reported – 46% decrease.
- Increase in number of permits per month – Indicates greater compliance than before the effective date of new ordinance.

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- Increase in number of plan reviews per month – Indicates greater compliance than before the effective date of the new ordinance.
- More detailed plans being submitted by utilities – Helps in avoidance of existing utilities. Leads to fewer construction delays. Enables better planning during design.
- Use of joint trenches – Minimizes pavement cuts necessary. Decreases disruption caused by multiple projects in one location.
- Multiple ducts emphasized – Minimizes pavement cuts necessary. Decreases disruption caused by multiple projects in one location. There were 124 projects built with multiple ducts in first year.
- Compliance with 14-day temporary repair limitation – TXU Gas hired new contractors specifically to address backlogged repairs. The backlog has been addressed. Enhancements to permit system help to track activity.
- Better street repairs – First year repairs have been made in accordance with the new repair standards manual.

OPPORTUNITIES FOR IMPROVEMENT

We identified certain policies, practices, and procedures that should be improved. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. City Code requirements pertaining to permanent street repairs and street cut permits are not consistently met.

A six-month Summary of Monthly Enforcement Actions showed:

- Permanent repairs not occurring within the required fourteen days after a temporary repair.
- Identified instances of entities making street cuts without a permit.
- Various less frequent violations.

January – June 2002				
Type	Permit	Sign	Restoration	Final Repair
Number	228	118	16	327
Explanation	Working without a permit	No sign in place	Not completed properly on newly constructed street	Temporary repair exceeded 14-day limit

Specifics of significant identified violations are discussed below.

- A. The most common violation identified by inspectors is exceeding the fourteen-day time limit for making permanent repairs. In a survey of Street Department managers, most indicated that this violation was the number one problem.

City Code, Section 43-139 (f) states in part, “A temporary repair may not remain on public right-of-way for more than 14 calendar days after the completion of the repair or installation of the underground structure or facility, unless a time extension has been granted by the director....”

Inspectors notify the contractor/permittee at the end of the fourteen-day period if permanent repairs have not been reported/made. A subsequent follow-up inspection is done seven to fourteen days later. Currently, there are no monetary penalties imposed for not completing permanent repairs within required time frames (including approved extensions).

Temporary repairs can be a source of frustration for citizens because the quality of the repair is generally significantly less than a permanent repair. Additionally, Street Department crews may have to needlessly respond to temporary street repair failures.

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B. Working without a permit is the second most common violation identified by inspectors. Inspectors stated common reasons for this violation include:

- The permit was not properly completed.
- The permit was not at the cut site at the time of inspection.
- The contractor/permittee did not obtain a permit.

City Code Section 43-139 (a) states, in part, “A person shall not perform any construction, except for an emergency activity, within a public right-of-way without first obtaining a permit from the Director prior to the start of construction. A person who undertakes any work outside of the public right-of-way that will cut, break, or otherwise damage the public right-of-way shall also obtain a permit under this section.”

Working without a permit may result in a street cut that is not repaired in accordance with the City Code or PWT’s Pavement Standards Manual. Thus, the City loses accountability for street cuts.

There have not been any fines imposed for this type of violation. PWT is exploring issuing tickets for non-compliance based on the provisions of the City Code specific to street cuts. Currently, contractors/permittees found working without permits are prohibited from continuing their street cuts until the contractor/permittee has complied with all regulations and standards.

City Code Section 43-136 (h) states in part, “An offense under Subsection (d)(3) or (f)(2) is punishable by a fine of not less than \$500 or more than \$2,000. Any other offense under this article is punishable by a fine of \$500.”

Enforcement activities generally achieve improved compliance when monetary penalties have been imposed for non-compliance. An escalating scale of penalties increases violator cost as the time frame of non-compliance lengthens and generally is a more effective deterrent.

We recommend that the Director of PWT, in consultation with the City Attorney:

- A. Submit a plan to assess monetary penalties for not making required permanent repairs within required time frames. Any permanent repair by City forces should be billed to the responsible contractor/permittee at cost plus a penalty and administrative percentage (e.g., an additional 100%). No new permits should be approved for a violator until all outstanding fees are paid.
- B. Continue to pursue imposing penalties for making street cuts without a permit. Consideration should be given to escalating penalty amounts for each successive violation.

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Management's Response:

Recent summaries of monthly enforcement actions show that the number of violations noted and tracked daily by inspectors is declining significantly. In the five-month period from October 2001 to February 2002 (staff began tracking this data October 2001) records indicated there were 353 violations noted in the field where the temporary repair exceeded the 14-day limit. In the same five-month period the following year, only 61 were recorded. The same trend was seen for the violation for working without a permit. The period from October 2001 to February 2002 showed 112 violations were noted in the field. From October 2002 to February 2003, only 17 were recorded. The October 2002 to February 2003 numbers project to only 228 total violations for this fiscal year, which is only approximately 2% of total permits recorded, based on 11,000 permits per year. The same trends can be seen when comparing data from the first and second years of implementation of the right-of-way management program.

This is attributed to the current enforcement policy implemented by PWT using requested voluntary compliance and actions involving the permit. PWT's enforcement plan has always included the use of monetary penalties. PWT's approach was to allow time for utilities to adjust to the new ordinance before using monetary penalties. PWT will continue to gain compliance through requests for voluntary compliance and actions taken against the permit. PWT will use monetary penalties in cases where utilities are not responding to other enforcement actions or in cases of habitual violations. To further enhance enforcement, PWT will develop an enforcement standard operating procedure including issuance of written warnings and citations.

2. The identification of street cuts is sometimes difficult due to inadequate identification techniques.

Currently, street cut identification depends on inspector familiarity with their respective areas and the ability to identify the cut in the SEPS. When multiple cuts are made to the same street, particularly within close proximity, identification can be difficult. In some sections of the city, when new residential development occurs, utilities are put underground, rather than at or above ground level. Underground utilities increase the number of street cuts to be identified. Medallions offer an easy method for identifying entities responsible for making specific street cuts.

Street cut repairs have a five-year warranty for pavement and backfill. If a street cut repair fails within the five-year period, the City needs to be able to accurately and expediently identify who is responsible for the warranty work. If the City is unable to promptly identify the responsible entity, it may be forced to use City resources to make the needed repair.

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Currently, the department is considering the use of locator tape by permittees. While this method may be superior as an identification technique, the technology is still years away. In the meantime, medallions should be considered.

We recommend that the Director of PWT:

- Require street cut and repair providers to place identification medallions on street cut repairs.
- Establish procedures to administer and monitor the use of identification medallions. For example, City records should have a centralized street cut and repair report that lists repairs in medallion number sequence identifying repair specifics. Providers should be required to give the City a listing of medallions utilized and related required information in a timely manner (e.g., by the 15th of the month following the date of the repair). All medallion costs should be passed to the users. Significant penalties should be determined and assessed to providers for making repairs and not putting a medallion on the repaired area.

Management's Response:

To date, identification of utilities has not presented a problem. In addition to inspector familiarity and SEPS, street cut identification currently can be determined by other means including observation of the cut location in proximity to above ground appurtenances, observation of the cut location compared to engineering records, and determination by physically uncovering the utility if these other techniques do not work.

PWT considered the use of medallions when the right-of-way ordinance was first developed, but rejected including this technique in the final version of the ordinance for several reasons. Medallions placed on the repaired area may assist in quick identification, but it is not a practical identification method for every type of cut. For long trench cuts, medallions would have to be placed at certain intervals and hopefully placed at locations that would not be confusing to other medallions placed on utilities directly adjacent to or crossing each other. Also, shared trench space may pose a unique identification problem. In addition, future street improvements such as resurfacing, slurry seal, micro-surfacing, or reconstruction will dictate the removal of the medallions and render them ineffective. Also, it is not known how traffic or other factors will influence medallions remaining in place. Medallions set into the pavement may not dislodge as easily as medallions placed on top of the pavement. Consideration should also be given to the aesthetic intrusion that may result from the number of medallions that would accumulate in the street right-of-way, including on sidewalks. Approximately 10,000 to 11,000 permits a year would in theory require the placement of 10,000 to 11,000 medallions.

Based on the current technology of utility markers and locators, and based on not experiencing any problems with current location techniques, PWT will continue to

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monitor the development of the technology before implementing a physical marking requirement. The physical marking PWT is evaluating, when perfected, would provide for utility location and identification data contained in a device buried along with the utility which could later be retrieved above ground. PWT does not intend to use medallions as utility location markers at this time.

3. Some street repair permit applicants are not required to submit bonding as a condition for obtaining a permit.

Article VIII of the City Code does not require a permitted entity to submit a bond. Such bonds are generally required to more fully ensure that the quality of street cut repairs meet City standards, and financial resources are available to pay the costs of correcting any deficiencies. A contractor/permittee obtaining a bond provides a means to ensure that all work will be done correctly.

We recommend that the Director of PWT, in consultation with the City Manager and the City Attorney, establish revised guidelines that require applicants to submit acceptable and adequate bonding with their permit applications. All bonds should be verified for acceptability (i.e., ability to collect from the bonding agency) before issuing a permit to the applicant.

Management's Response:

Bonding is required on the majority of projects that require cuts to be made in the right-of-way. The city requires payment and performance bonds on its projects. City projects account for about 50% of all permitted cuts. In addition, Building Inspection collects a \$2,000 bond for sidewalk, curb and gutter, and driveway approach construction by private contractors, and Dallas Water Utilities requires developers to use bonded contractors on work associated with development activities. The paving bond collected by Building Inspection has been required by ordinance since 1960.

During development of the current right-of-way management ordinance, a decision was made by management not to require bonds from private utility companies. In meetings with utility companies, utilities were opposed to performance bonds on the basis that over the years in their working with the city, there were very few problems with the contractors they hire and when problems did arise they were corrected and resolved by the utility company. Payment bonds would be unnecessary since the city is not making payment to the utility company for repairs. The utility company hires the contractor and is responsible to pay the contractor. A payment bond, therefore, would be in the best interest of the utility company. The utility companies argued also it would place upon them an additional, undue administrative burden.

Another management consideration in the decision for not requiring bonds was the fact that the overwhelming majority of cuts and subsequent repairs made are small. The

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cost to correct a typical deficient repair is, on average, less than staff administrative cost in approving bonds and processing bond claims, and, the cost associated with the loss of use of the street while waiting for the bonding company to enable a repair.

It is management's opinion that both the liability risks to the city and the repair of damages sustained by incorrect or incomplete street repairs are covered by the insurance and indemnity requirements of the code. To provide additional security for the city, staff will meet with the City Attorney and Risk Management to further evaluate a requirement for performance bonds for private utility permits on **large projects** where there may be significant cost to correct damage to city pavement should a utility become insolvent before completing a street cut repair. Staff will also meet with utility companies to review this issue.

4. Various street cut repair providers did not carry sufficient insurance coverage or comply with City Code insurance requirements.

Some registrants did not carry adequate insurance coverage. We reviewed registration forms provided/completed by various registrants and examined various Certificates of Liability Insurance. We sampled five registrants' Certificates of Insurance. Two registrants did not have the required amount of insurance; they were \$4,000,000 and \$13,000,000 deficient, respectively.

City Code Article VIII, Section 43-137(b)(4)(H)(i) states, "The minimum insurance coverage for a public service provider must be commercial general liability insurance, or any combination of general liability and umbrella/excess insurance, (including, but not limited to, premises operations, personal and advertising injury, products/completed operations, and independent contractors and contractual liability) with a minimum combined bodily injury (including death) and property damage limit of \$25,000,000 per occurrence, \$25,000,000 products/completed operations aggregate, and \$25,000,000 general aggregate. The liability insurance policy must also include coverage for explosion, collapse, and underground hazards. The insurance coverage must be written by a company or companies approved to conduct business in the State of Texas. The City must be named as an additional insured on the policy by using endorsement CG 20 26 or broader."

In our sample of five registrants, we noted the following deficiencies:

- There was no documentation to indicate that the liability insurance policies included coverage for explosions, collapse, and underground hazards.
- There was no indication that the insurance coverage was written by a company or companies approved to conduct business in the State of Texas.
- Endorsement CG 20 26, naming the City as an additional insured, was not attached to the registration forms.

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These coverage deficiencies may put the City at significant financial risk. We could not determine whether the PWT personnel that performed this portion of the contract review had the necessary knowledge, training, and experience to identify the stated deficiencies. Persons that are responsible for ensuring that contract requirements are met should have the knowledge, training, and expertise to fulfill their responsibilities. The Risk Management group, within the Department of Human Resources, has the prerequisite knowledge and expertise, but currently does not review these Certificate of Liability insurance forms.

We recommend that the Director of PWT develop and implement a procedure to train PWT personnel, and/or request Risk Management personnel, to review all future Certificate of Insurance forms for compliance with registration requirements.

Management's Response:

PWT staff reviewed all registrants' insurance coverage amounts. Of the 42 Public Service Providers (PSP) registered at the time of the audit, only one did not have the required coverage amounts reflected on the certificate. The one registrant's certificate, Adelphia Business Solutions, had expired and the new certificate submitted was incorrect. The audit correctly indicated that the certificate of insurance for Adelphia did not reflect the correct liability coverage amount; however, the Utility Coordinator had already requested a corrected certificate and was working with representatives of the company who bought Adelphia (Adelphia is no longer a viable business) to submit a correct certificate. At the time of the audit, Adelphia and their subsequent owners were essentially suspended from obtaining permits until proper registration was completed. It should be noted that Adelphia has not performed work in the right-of-way since 2001. At the time Adelphia was performing work, they had provided proof of adequate coverage.

The second registrant that was noted not to have adequate coverage as required is Touch America. Touch America has a current private license agreement with the city and is exempted from the insurance requirements of City Code Article VIII, Section 43-137. City Code Article VIII, Section 43-137(b)(5)(B) states, "The insurance requirements of Subsection (b)(4)(H) of this section do not apply to a public service provider operating facilities or performing construction pursuant to a valid existing franchise or license approved by the city council." The insurance coverage provided by Touch America meets the requirements of the private license agreement. Even though exempted registrants do not have to provide proof of insurance in compliance with City Code Article VIII, Section 43-137, it has been a practice of the Utility Coordinator to obtain a copy of the certificate of insurance required with the private license and file it with the firm's registration documents.

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In addition to the Utility Coordinator's review, in the future, all certificates of insurance forms will be forwarded to Risk Management requesting review for compliance with registration requirements prior to approving PSP registration.

5. The SEPS does not adequately meet administrative/oversight needs.

The last major enhancement to the SEPS occurred in March 2002. We examined the system after the enhancements were made and noted that the system needed additional improvements.

A. The SEPS does not provide integrated and centralized information on all street cut repairs. Since street cut repairs are the responsibility of the permittee for five years after such repairs are made, it is necessary that street cuts less than five years old are identified in a timely manner. Currently, PWT employees check the yearly street condition inventory report for major work performed on a street during that year. The street condition inventory report is prepared throughout the year and issued annually. If street cut data (i.e., the SEPS) was integrated with the street inventory report, PWT personnel could more effectively and efficiently use this information to determine whether identified street repairs were the responsibility of the City or contractor/permittee. Some concerns regarding the SEPS are:

- Currently, no statistic is kept on the number of pothole work orders that are actually street cut repair problems. If a temporary or permanent street cut repair is not adequately/properly repaired, the problem may be mistakenly identified as a pothole. Thus, a citizen may unknowingly report the problem as a pothole. When the pothole crews arrive, they see that a street cut repair caused the problem. They will then forward the problem to street cut control personnel for resolution. A good determinant of the quality of a service is the number of complaints received from customers (citizens). Key success factors, such as quality of repairs, are needed to determine whether the street cut program is successful.

Without an integrated SEPS system, which provides information on the types of street repairs (potholes as well as street cuts), PWT personnel do not have a reliable basis for easily determining the cause/nature of needed street repairs. Additionally, management does not have statistical information regarding which providers have the greatest number of street cut repair problems. Thus, management is making decisions without a vital piece of information.

- Information on inspections and follow-up inspections is not readily available. Currently, inspectors retain their own paperwork. Inspectors currently complete a daily log that shows daily inspection activity. If an inspection indicates that additional work needs to be performed at an inspected cut repair site, an additional form is created and placed in a separate file showing a future date that

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the repair is to be re-inspected. This process can present problems when information needs to be shared and is not readily available or accessible. If information on cut repair activities was recorded in the SEPS, the information would be available for access as needed.

Furthermore, a uniform checklist is not used during inspections or re-inspections, and violations are not input into the SEPS. Uniform standards (i.e., checklists) could be established in a computer file, and each inspector could be required to complete these checklists for each job. By having this information as part of the SEPS, all inspections, violations, re-inspections, and corrections could be retrieved from the database by date, location, etc. This method would provide a better basis to ensure that inspectors consistently complete and document all required cut repair actions. Any allowed exceptions to repair standards could be documented as part of the permit records, with required authorizations documented in the SEPS. A centralized permit system will benefit users.

B. The SEPS currently does not have prompts/security safeguards to signify:

- The absence of required information. For example, the City Code requires any project over 300 feet to have plans submitted.
- Entry of inconsistent and inaccurate information.
- Unauthorized attempts to change information. For example, negative results may occur if unauthorized individuals have the ability to change street names or significant data regarding a permit.

The system requires subscribers to close out their own permits (i.e., provider shows that all necessary street repair work has been completed). Non-subscriber permits are closed out by PWT personnel. The system needs security safeguards to prevent an applicant from completing an application or receiving a permit when it has outstanding permits. To address outstanding permits, the street cut control clerk calls applicants to determine work status and instructs them to close out permits if all work has been completed. This process creates additional work for PWT.

The system currently lists temporary repairs open more than fourteen days, the maximum period allowed by City Code. When this happens inspectors review the repair site. PWT personnel could potentially reduce their efforts if the system alerted applicants and PWT prior to the fourteen-day period (e.g., after the eleventh day). Temporary repair violations (open after fourteen days) should be used as a basis to prevent an applicant from receiving additional permits. Enforcement of the regulation will encourage permittees to finalize temporary work within the prescribed time period.

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C. Current user/City needs are not adequately met:

- The SEPS does not show where permits are in the processing stage. Thus, employees cannot determine the status of the permit.
- The SEPS does not have the ability to generate reports that note projects that are approaching the end of the five-year maintenance period. (See Finding #2 for explanation of the five-year maintenance period). In order to ensure inspections are scheduled near the end of the five-year mark, it is beneficial to run a report of all repairs that are near the end of the five-year period. This report would aid in the identification of parties responsible for repair jobs that may need to be made. This need can only be reasonably accomplished through a computer database.
- The administrators' user manual has not been distributed to all users. Based on discussion with departmental personnel, we found that some administrators have not received their user manuals. Currently, SEPS administrators rely on Communication and Information Services personnel to provide technical support for the SEPS. To meaningfully utilize the system, manuals should be provided to all users.

A lack of SEPS testing and follow-up contributed to the needs discussed above.

We recommend that the Director of PWT, in consultation with the Communications and Information Services Department, perform the following needed enhancements to the system:

- A. Integrate and centralize all needed street cut information on the SEPS to include the capability to retrieve key statistics.
 - B. Use appropriately placed prompts/security safeguards/reasonableness checks to provide effective checks and balances.
- C. Address other identified system needs as shown above and:
- Develop an exception report to identify permits that have been in a processing stage in excess of a predetermined allowable time frame.
 - Generate reports that identify external provider street repairs that are nearing their 5-year anniversary (e.g., 90-120 days prior to their 5-year anniversary).
 - Ensure all SEPS administrators receive user manuals.
 - Ensure that SEPS enhancements are reviewed by City Auditor's Office before implementation.

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Management's Response:

Prior to 1996, the computer system used to produce and tack permits was a non-networked, PC-based system. The DOS-based programming used by the system was limited in its capabilities. Its incompatibility and insufficient documentation made the program not worth improving. PWT acquired the responsibility for Cut Control inspection and the computer permit system in 1994 and began an effort to improve the system. The first web-based system was developed by PWT and implemented for use in 1996. The audit refers to this system as SEPS. Since the inception of SEPS, PWT has worked continuously on its improvement to meet administrative and oversight needs. This system allows users to apply for permits via the Internet. In 1999, responsibility for Cut Control inspection was returned to the Street Services Department along with the SEPS. In 2000, Cut Control and SEPS were returned to PWT coinciding with the development of the new right-of-way ordinance to be implemented in 2001. In 2001, major enhancements to SEPS were made by PWT primarily for consistency with the new rules set out by the ordinance. Additional enhancements to SEPS were completed early this year including the ability to query spatial data, improved permit addressing, address override feature available only to Administrator, and enhanced reports.

Management was already aware of the opportunities for improvement related to SEPS that are detailed in the audit. PWT will begin working with CIS now to address the enhancements noted in recommendations part B and C, except for the second bullet in part C. Recommendation part A and the second bullet in part C will require the integration of other city database information and SEPS. This enhancement involves many hours of programming. Implementing this improvement now will require funding in fiscal year 2003-2004 for programming, implementation, training, and other measures necessary for the enhancement. The funding has been requested by PWT as a positive budget adjustment. Whether funding will be available to make these improvements is uncertain.

6. The City does not assess fees for permit application processing.

Permit application processing procedures do not provide for charging administrative and other applicable fees. The City does not currently assess permit, inspection, or degradation fees. Ten of the surveyed cities, which include three Texas cities, assess a permit fee. Permit fees range from \$25-\$50. Texas cities exclude telecommunication companies and franchisees from permit fees.

Furthermore, six of the thirteen surveyed cities assess fees in addition to the basic permit fee. Additional fees charged are primarily for inspection fees, which is a component of the cost of regulation. These fees range from \$16 to \$200.

Finally, six of the thirteen surveyed cities (two are located in Texas) assess a cost recovery fee or degradation fee. One of the two Texas cities excludes

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telecommunication companies and franchisees from the cost recovery fee. The other Texas city calls it a “cost,” not a fee, thereby assessing the cost recovery to telecommunication companies and franchisees. Currently, the City does not require providers to contribute additional funds/fees to recover the costs of street degradation resulting from street cuts. Various studies have proved that street cuts lower the life of streets. Of the various fees and costs associated with street cuts, degradation of streets is the most significant cost. The following are excerpts from two reports.

A performance audit of the utility cuts program by the City of Kansas City states, “Street cuts increase the rate at which pavement deteriorates, requiring increased City maintenance and more frequent resurfacing. One study determined that streets which have not been cut lasts 1.7 to 2.5 times longer than streets with utility cuts; another study estimated that uncut streets last 2.5 times longer than restored cuts.” The Kansas City information was based on two studies done on the subject. The first was by M.Y. Shahin and J.A. Crovetti, *Final Report for the Street Excavation Impact Assessment*, prepared for the City of Burlington, Vermont, by ERES Consultants, June 12, 1985. The second was by Touche Ross & Co., *Proposed Full Cost Recovery System for Issuance of Permits related to Opening and Excavation of City Streets*, prepared for the City of Boston, May 31, 1985. The report stated that the reason for a reduced life is due to backfill settlement, weakening, cracking and water damage, and weakened street support.

The second excerpt is from an audit report on Street Cuts Management by the City of Austin, which states, “A 1995 consultant study for the City of Austin found that pavement life for streets with street cuts was reduced approximately 26 percent on average.”

We recommend that the Director of PWT, in consultation with the City Attorney’s Office, review the current street cut fee structure and revise and implement a fee structure that allows the City to recoup its administrative costs for providing the street cut control service, as well as degradation costs resulting from street cuts.

Management’s Response:

Staff evaluated the benefit of assessing an administrative fee (permit processing and inspection) and a degradation fee (impact on pavement from cut). In discussion with the City Attorney’s office, it was determined that state law would not allow assessing administrative fees to telecom utilities. Further, franchise and license fees include such administrative costs. In addition, development activities are already charged a fee by Building Inspection. Staff also reasoned that the city would likely not assess its own contracts. For March 1, 2002 to March 1, 2003, the second year since the implementation of the new right-of-way management ordinance, approximately 38 permits did not fall into one of the above categories.

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Regarding a degradation fee, the current approach by PWT is to require repairs that do not allow for degradation. In studies reviewed by staff related to impacts of utility cuts on street pavement, it is commonly shown that degradation is more likely to occur at the edges of the cut and in the pavement directly adjacent to the cut known as the “zone of influence.” Cut repair requirements in the city’s current technical manual were developed with these factors in mind. Emphasis is placed on properly constructing the joint between the old and new pavement. Concrete strength and thickness, and subgrade compaction requirements match current standards for new street construction. “Zone of influence” effects are also accounted for by requiring that a minimum one-foot section of pavement be removed and replaced outside of the excavated cut so that the new pavement base is more stable.

The audit accurately states that two Texas cities, the City of Austin and the City of San Antonio, charge a degradation fee. In Austin, the fee is charged based on the age of the street and a ride comfort index rating. It is generally not charged for cuts made to residential streets older than 5 years or for cuts made to thoroughfares older than 7 years. A representative with the City of Austin further explained that since inception of the fee, charges billed to telecoms and franchised utilities have not been paid under protest. San Antonio does not charge a fee to telecoms and franchised utilities. In discussion with the City Attorney’s office, since our franchise utilities are limited to paying only the franchise fees and that state law says we cannot apply rules to telecoms that are not applied to everyone, it could be argued that the city could not require a degradation fee of franchise utilities and telecoms. Last year, there were **no** permits approved on new streets 5 years old or less, for non-franchised, non-telecom, and non-city applicants.

Management disagrees with charging a permit fee or degradation fee. However, PWT is reviewing assessing a fine to utilities that cut new streets that are 5 years old or less for work that could have been anticipated and performed prior to the improvement of the street. PWT is also reviewing more strict cut repair requirements to implement in the technical manual.

7. Inspectors need a procedure manual and established performance measures.

We observed the following concerns relating to street inspectors and the inspection process:

- A. Currently, inspectors do not have procedure manuals. Inspectors perform their job duties based on experience and on-the-job training. The department has a Pavement Standards Manual, which deals with the physical dimensions of street cuts and other provisions based on City Code requirements. However, the Pavement Standards Manual does not address the administrative tasks of the job, such as inspection procedures, documentation, and other administrative procedures. Inspectors need procedure manuals to provide guidance for their inspection

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activities. Procedure manuals provide a standard protocol for performing duties. Without such a standard:

- There is reduced assurance that all elements of an inspection evaluation are included.
- Inspectors may differ widely in how they perform their duties, as well as the frequency of performing those duties/responsibilities.
- Inspector productivity may be impaired due to lack of formalized direction regarding duties and expected outcomes.
- Repair providers may be confused about the requirements/standards.
- Evaluations of inspectors may be inconsistent.
- Inspectors may not provide proper notification of violations to all appropriate parties.

Documented employee responsibilities, evaluation standards, how-to instructions, and cautions should be documented and available to applicable personnel.

B. The inspection section does not have adequate documented performance measures. Such measures are generally developed to determine whether standards are being met. The only performance measure that we identified was included on the employee performance evaluation document, which required the inspector to do five inspections each day. Analysis of inspector productivity for the first six months of 2002 showed that most inspectors completed more than five inspections per day. A potential source of information for performance measures is the monthly activity report. However, the current monthly activity report is not summarized to show inspector productivity by month. This data should provide information concerning the number of inspections per month for each inspector and totals for the inspection section. Additional information could be added to the report, such as:

- Average number of inspections per day and month.
- Number of inspections incorrectly assessed.

Performance measures should include goals that are attainable by using reasonable effort; exceeding these goals should require diligent effort. If achieving the standard is a guarantee, it loses credibility. Performance standards should measure the totality of the significant aspects of the job. Thus, quantitative and qualitative job aspects should be considered. Qualitative evaluations may include correctly assessing the quality of the repair and identifying specific problems with the repair. PWT should ensure that inspector performance measures identify and evaluate the major functions of an inspector's job responsibilities.

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Performance measures should be evaluated frequently and systematically to ensure efforts and resources are used as intended, achieve desired goals, and ensure all critical job components are included and evaluated. The Dallas 2000 Strategic Plan encourages improved performance measurement systems.

We recommend that the Director of PWT:

- A. Develop (for inspectors) a comprehensive procedure manual that is reviewed at frequent periodic intervals (no less often than annually).
- B. Develop a:
 - Set of performance measures for the inspection section that includes all relevant aspects of the inspectors' responsibilities. Such measures should aid in the development of meaningful performance criteria and evaluate individual job related knowledge, skills, and abilities.
 - Cumulative productivity report to identify trends and comparisons for significant job evaluation components. The assessed components should be reviewed no less often than annually to ensure that all needed evaluation components are included.

Management's Response:

- A. Management agrees that the development of a comprehensive procedures manual would provide a standard protocol for performing inspection duties. PWT will develop a procedures manual this year specifically for cut control inspection.
- B. Management agrees that the development of performance measures for cut control inspection would aid in the development of meaningful performance criteria and help to evaluate individual job knowledge and skills. PWT will develop a set of performance measures this year specifically for cut control inspection.

8. DWU permits do not require PWT approval to work in the public right-of-way.

PWT's UC approves permits for all PSPs. These permits allow the PSP to work in public right-of-way and provide the City with certain information relevant to the work location, the PSP, and nature of the proposed work. Each permit provides a record of who did the work. Reviewing the permit for compliance is part of the approval process. This process is helpful if the City needs to contact the PSP regarding a given repair. However, DWU obtains permits without going through a verification and approval process and is the only entity that receives permits this way. The permit information system may be at risk because inaccurate information may be submitted by DWU.

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As an example, historically if an incorrect street name has been input, a prompt within the SEPS asks the user to verify the street name (if no matching street name is found). The prompt has an override feature that allows the questioned street name to be entered if the user believes it to be correct. If an improper street name is input, it can cause significant problems. If an inspector cannot locate a permit within the system, the inspector has to use the manual filing system to locate the needed information, which can be very time consuming.

It should be noted that we did not perform an audit of DWU's street cut or street cut application process. Additional testing of DWU was done because it is the only street cut permit-receiving entity whose applications are not required to be reviewed by PWT's UC.

We randomly selected fourteen street cut permits issued for various DWU operating divisions. We requested PWT's UC to review each permit and identify those areas on each permit that would need additional clarification and/or not be approved by PWT. The UC identified various concerns. We subsequently reviewed these concerns with DWU.

Basic internal controls require independent verifications and authorizations to reduce the risk of non-identification of relevant issues and provide adequate assurance of objective, impartial evaluation.

For example, if adequate independent authorizations are not required, an application can be submitted as an emergency repair when an emergency situation does not exist. An emergency situation allows an applicant to begin work immediately, while a non-emergency requires the applicant to wait forty-eight hours before beginning work. The importance of accountability becomes more critical when considering an entity that applies for a significant number of permits. As shown in the table below, the combined divisions of DWU account for the vast majority of the permits issued.

Permit Applicants: 3/1/01 – 7/18/02	
DWU – All Divisions	7,782 (54%)
Lone Star Gas	4,652 (33%)
Public Works	610 (4%)
Southwestern Bell	349 (2%)
Other (46 subscribers)	987 (7%)
Totals	14,380 (100%)

We recommend that the Director of PWT, in consultation with DWU as considered appropriate, develop a permit review process that reasonably ensures adequate, objective review of the individual permit applications and reasonably ensures regulations, restrictions, and other provisions are adhered to. This procedure should provide for adequate PWT oversight of the review process.

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Management's Response:

PWT's approach to DWU permit review has been to rely on DWU staff and internal controls to perform adequate engineering and construction plan review, which is completed prior to applying for a cut permit. Then, provide inspection oversight to ensure that regulations, restrictions, and other provisions of the ordinance are adhered to. DWU has its own engineering and managerial staff that are trained and experienced in the planning and preparation of water and wastewater utility plans. Their engineering staff has developed certain specifications pertaining to utility work over the years and incorporates them into their plans as well as including the current technical street cut repair standards. DWU should continue to provide internal review of their plans and specifications.

PWT staff will consult with DWU to develop a process that ensures complete and accurate permit entry into SEPS is being performed.

Attachment

City Surveys

	Dallas	Austin	El Paso	Fort Worth	Houston	San Antonio
Permit Fee	No	Yes (excludes telecommunication companies and/or franchisees)	Yes (excludes telecommunication companies and/or franchisees)	No, however a license fee of \$300 is paid by the contractor who does the cut	No	Yes (excludes telecommunication companies and/or franchisees)
Amount	N/A	\$25/Permit;\$200/Cut for Inspection Fee;\$8/Day for ROW Usage	\$50/2 Hours of Inspection; Additional Hours at \$30/Hour	N/A	N/A	\$25/Permit; \$200/inspection; \$30 permit expiration fee; \$35/registration fee per year; Public Inconvenience Fee based on different measures
Cost Recovery	No	Yes (includes all entities, term is Cost Recovery "Cost")	No	Nc	No	Yes (excludes telecommunication companies and/or franchisees)
Amount	N/A	\$28-\$40/Sq.Ft.	N/A	N/A	N/A	Based on a Pavement Construction Index
Franchise Fee	Yes	Yes	Yes	Yes	Yes	Yes
Amount	4-5%	2% - 5%	Not Given	4% -5%	Cable-5%;Gas-3-4%	2% - 5%
Lifetime Warranty	5 Years	2 Years-Surface; Lifetime-Backfill	2 Years	2 Years	5 Years	Yes; Lifetime
Moratorium on New Streets	Yes, 5 Years	Yes; If no other economical alternative route exists;May assess an additional street damage restoration fee	No	Nc	<5 Years; Good Reason to Work; Concrete=Entire Panel; Asphalt=Entire Block	No
Public Utilities vs. Non Public Utilities	Yes, Except Franchise	Yes	No	Nc	Yes	Yes
Mitigate Street Cuts to New Streets	Special Restoration/Repair Req.	See above Moratorium	No	Require replacement to condition it was in before cut was made	See above Moratorium; Variance Committee	Tacking; Trenchless Technology
Performance Bond	No	Yes, all contractors doing the cut must be bonded	Yes, all contractors doing the cut must be bonded	Yes, all contractors doing the cut must be bonded	Yes, (exc. teles and franchisees due to the type of permit received)	Yes (provider puts up bond)(excludes telecoms and includes franchisees)
Amount	N/A	\$10,000 for 2 Years	\$5,000 for one year	\$25,000 for one year	\$150,000 to \$500,000	\$10,000 per job or \$100,000 per year
Amount of Fines for Noncompliance	\$500-\$2,000	Up To \$2,000	None	None	None	Up To \$500/day
Amount of Insurance Requirements	\$25,000,000	\$500,000	\$250,000	\$10,000,000	\$1,000,000	\$1,000,000
Ratio of Inspectors to Street Cuts	10,000/8 = 1250/Inspector	6867/8=858/Inspector	800/22=36/Inspector	12,000/4=3,000/Inspector	15,030/5=3,006/Inspector	34,000/19=1,789/Inspector

Attachment

City Surveys

	Bloomington, IN	Cincinnati	Denver	Kansas City	Nashville	San Francisco	Santa Ana
Permit Fee	Yes, whoever gets the permit pays the fee, primarily the contractor	Yes, includes telecommunication companies and/or franchisees	Yes, assessed to all entities except franchisees	Yes, includes all types of entities	Yes, includes telecommunications companies but excludes franchisees	Yes	Yes, includes telecommunication companies and franchisees
Amount	\$.35/Linear Foot; Minimum \$30	\$12 Admin Fee; Inspection Fee = \$35 Minimum, \$3 for each Sq.Yd. over 2 Sq. Yds.	\$50 Minimum or \$35/Sq.Ft., whichever is greater	\$50/Permit	\$30/Permit; Trench Cut Fee \$30/very 33 ft.	Up To 100 Sq.Ft.= \$66 Admin Fee and \$16 Inspection Fee; Over 100 < 1000 Sq.Ft.= \$83 Admin Fee and \$55 Inspection Fee	\$65 Inspection Fee; \$92 Processing Fee; \$105/Hr. Plan Check Fee
Cost Recovery	No	Yes, includes telecommunication companies and/or franchisees	No	Yes, includes all types of entities	No	Yes	Yes, includes telecommunication companies and franchisees
Amount	N/A	\$10/Permit; \$1/Sq.Yd	N/A	\$2-\$10/Sq.Ft., ranging from new to 20 years; An additional \$0-\$1.00 if slurry seal or overlay is used	N/A	\$3.50/Sq.Ft up to 5 Years; \$3.00/Sq.Ft 6-10 Years; \$2.00/Sq.Ft 11-15 Years; \$1.00/Sq.Ft. Over 15 Years	Arterial Streets - \$9.11- \$13.68/Sq.Ft. Local Streets - \$6.21-\$9.27/Sq.Ft. depending on age of street
Franchise Fee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Amount	Not Given	5% with \$5,000 guaranteed	4-5%	4-5%	4 1/2-5% of Gross Revenue	Not Given	2 1/2% of Gross Revenue
Lifetime Warranty	\$3000 Bond for 2 years	No	3 Year Warranty	3 Year Warranty	1 Year Warranty	Yes	Yes
Moratorium on New Streets	No	3 Years Except Emergency; 10% Inspection fee for each remaining month in the three year period	3 Year Moratorium, Roto Mill Overlay	2 Years or less; may require permittee to dig a bigger area	No	Yes, 5 Years	Yes, 5 Years; May Require Payment Degradation Fee and Resurfacing
Public Utilities vs. Non Public Utilities	No	Yes	Yes	Not entirely; city water department pays degradation fee	No; City does not pay any fees	Yes	City Departments only pay a Payment Degradation Fee: See Above
Mitigate Street Cuts to New Streets	No	Quarterly meetings with public service providers including city departments	No	See above Moratorium	Assessment Fee for cuts on streets <5 years; \$500	See Cost Recovery Above	Must Submit a Five Year Plan; Quarterly Meetings with Utility Companies
Performance Bond	Yes, whoever does the cut	Yes, (permittee puts up bond) (required by all types of entities)	Yes, assessed to whoever does the cut (primarily the contractor of the provider)	Yes, (excludes franchisees but includes tele) (whoever gets the permit puts up)	Yes, (includes telecommunications companies and franchisees) (whoever takes permit out)	Yes	Yes, all types of entities and whoever gets the permit must get the bond
Amount	\$3,000 for 2 Years	\$10,000 for 1 Year	\$20,000 per year or \$50,000 for three years	\$500	\$40,000 Kept Current	\$25,000 or cash	Estimate Work and Base Bond on Cost to Fix
Amount of Fines for Noncompliance	Up to \$100/Day	\$100/Fine rising to \$200 if delinquent	\$999/Infraction and/or 1 Year in Jail	No fines: Will pull Permits	Up to \$500/Day	Up to \$10,000/Day	None; Will Shutdown or Revoke
Amount of Insurance Requirements	Contact did not know	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Ratio of Inspectors to Street Cuts	75/1=75/Inspector	3200/8 =400/Inspector	5,400/13 = 415/Inspector	13,000/9 = 1,444/Inspector	5000/5 = 1,000/Inspector	6000/4=1,500/Inspector	5 Inspectors for 40,000 linear feet
Inspectors Carry Communication Devices	Cellphone	Cell Phones and Pagers	Cellphones	Radio	Radios	Radio, Cell Phone, Pager	Cellphones