

Memorandum



CITY OF DALLAS

DATE: May 12, 2006

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the March 4, 2005, Audit of the Public Works & Transportation—Street Lighting

We have conducted this follow-up under the authority of Chapter IX of the City Charter, City Council Resolution No. 920779, and performed it according to applicable government auditing standards.

Our objective was to determine whether the Director of Public Works and Transportation has implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit report contained one finding with three recommendations. Management has implemented the three recommendations. However, we noted two additional issues that warrant action.

1. **The process for recovering costs from third parties, liable for damaged or destroyed street lighting poles, needs improving.**

We recommended that the Director of Public Works consult with the Director of Human Resources to coordinate the sharing of information between Street Lighting (SL) and Risk Management (RM) regarding damage to street lighting poles; and consult with the City Attorney's Office to establish policies and procedures to pursue third parties that have damaged City of Dallas street light poles and identify and pursue collections from third parties liable for damaging/destroying street light poles.

We found that:

- SL and RM are sharing relevant information between departments to pursue 3rd parties that have damaged street lighting poles. **(Implemented)**
- PWT-SL has established policies and procedures to pursue third parties that have damaged City of Dallas street lights. These procedures were

initiated immediately after the audit. PWT-SL developed a flow chart to illustrate this process. **(Implemented)**

- RM has pursued and has finalized the only two claims that have been sent to them from SL since the last audit. **(Implemented)**

However, the following additional issues/concerns were noted:

- We met with PWT-SL staff and reviewed the process used to determine whether a claim should be forwarded to RM for a claim against a third party that has damaged a City of Dallas street light. In their process, PWT-SL attempts to match the Dallas Police Department accident report with the corresponding TXU repair report. If there is an exact match on the two reports, PWT-SL sends the applicable information to RM. PWT-SL staff indicated that many claims against third parties are not being pursued due to inability to readily identify and match damaged street light pole information reported in the Dallas Police Department's accident reports with the street light poles repaired by TXU. For the period of January 23, 2005, to November 23, 2005, there were sixty-four repair reports totaling \$98,512 that could not be matched with a Dallas Police Department accident report. It is unlikely that the City will be successful in obtaining reimbursements for these repairs.
- We met with RM staff to determine if notification is sent to City departments that have property damage claims being pursued by RM. RM indicated that they notify a department once the third party claim has been resolved. RM sends a quarterly report to the department at the request of the department. In the report, RM lists the accident date, type of property damaged, whether a payment has been received, the final disposition of the claim and the date closed. PWT-SL indicated that they were not notified on the two claims sent to RM until after PWT-SL inquired of the status.

We recommend the Director of Public Works consult with the Dallas Police Chief and the Director of Human Resources-Risk Management Division to:

- Coordinate obtaining accurate locations on damaged street light poles; and
- Request from the Director of Human Resources, on a quarterly basis, an update on all resolved claims against a third party for damage to a street light pole.

Management's Response:

The Department of Public Works and Transportation has reviewed the draft follow-up report of the March 4, 2005, Audit of the PWT-Street Lighting Section. We agree with most of the findings in the draft report.

However, with regards to the additional issue raised concerning filing claims against third parties that have damaged City-owned street light poles, the PWT Department believes further explanation is necessary. The Street Lighting Section cannot file a claim against a third party for damages unless a maintenance report from TXU Electric Delivery (TXUED) can be matched to a police accident report.

Historically, the vast majority of maintenance reports received from TXUED for City-owned street lights are for poles located along freeways. These poles are designed to break away when impacted by run-off-the-road vehicles. This reduces injuries to the vehicle's occupants, as well as damage to the vehicle itself. Often vehicles can be driven away from the accident scene and no report is generated. Also, it is our understanding that the Police Department does not investigate accidents unless they involve injuries and/or the vehicles are not driveable. PWT will discuss with the Police Department the possibility of adding property damage as an additional criterion to investigate and to create accident reports.

Furthermore, as the Texas Department of Transportation (TxDOT) reconstructs freeways in Dallas, they are replacing individual break away light poles with lights mounted on 150 ft. tall towers. One tower replaces 10 individual light poles. Unlike the break away poles, tower lights are placed a significant distance from the roadway edge, virtually eliminating damage from run-off-the-road vehicles. PWT believes that the number of damaged City-owned street light poles will decline sharply in the future as TxDOT upgrades each segment of the freeway system.

Nonetheless, PWT will follow the City Auditor's recommendations and meet with the Police Department in the next few weeks to discuss ways to improve the accuracy of accident reports so that more of them can be matched to TXUED's maintenance reports. PWT staff will also contact Risk Management to request quarterly reports on a continuing basis of all resolved claims against third parties for street light pole damages.

In conclusion, PWT believes, even if improved accident reporting procedures were in place, most of the \$98,512 in damages that went uncollected in 2005 would not be recoverable due to the high percentage of knockdown poles caused by hit-and-run drivers.

May 12, 2006

Follow-up audit report of Public Works & Transportation—Street Lighting

Page 4 of 4

Auditor's Comment:

Since TXUED is involved in providing the City of Dallas a maintenance report, TXUED should also be included in the discussion to better identify damaged street light poles. One possible alternative to identifying the exact location of the damaged pole is the use of a Global Positioning System.

We appreciate management's cooperation in this follow-up.

Paul T. Garner

Paul T. Garner

Assistant City Auditor

c: Mary K. Suhm, City Manager

David C. Dybala, P.E., Director of Public Works and Transportation

David Kunkle, Chief of Police

David Etheridge, Director of Human Resources