

A. Reporting of Information

Council Resolution R-40-1995, Long Range Water Conservation Strategy, states, “The City shall adopt the following water use reduction goals. (A). Reduce current overall per capita usage of 250 gallons per capita per day by 30% to achieve 175 gallons per day by the year 2004.”

According to the Public Works Department’s 2001 Water Conservation Annual Report, the 2001 water usage was 205 gallons per capita per day. This is an 18 percent reduction from the baseline of 250 gallons per day ($250 - 205 = 45/250 = 18$ percent reduction).

However, the 2001 Water Conservation Annual Report includes other inconsistent information. The report states, “‘We’re at 23 percent on our way to a 30-percent reduction goal by 2005,’ adds Mayor Martin Chavez, whose first administration initiated the conservation program and set the 10-year, 30-percent goal.”

The discrepancy in reported information, regarding the percentage reduction in water usage, is because the Public Works Department calculates water usage in several different ways. The department calculates water usage both on a per capita basis and on a per account basis. In its annual reports on water conservation, it discusses statistics relating to both computational methods, and as a result, the reported data can be confusing and misleading.

Additionally, there are other inconsistencies in the report. On one page the report states that gallons per capita per day usage is 204 gallons, and on another page the report states that gallons per capita per day usage is 205 gallons. Although this is a relatively minor inconsistency, it could lead the reader to question the accuracy of information contained in the report.

According to the Public Works Department, the 2002 water usage was 196 gallons per capita per day. This is a 22 percent reduction from the baseline of 250 gallons per day ($250 - 196 = 54/250 = 22$ percent reduction).

According to a November 1, 2002, document on the City’s official web site, Mayor Launches New Water Initiatives, “Per capita water use has dropped from 250 gpcd to 182 gpcd.” However, this information does not include water produced by the City, but not billed to customers (unaccounted for water), which was included in the 1994 usage of 250 gpcd.

The City should use only one method to calculate and report water usage. Any mandated reductions should be based on this one standard methodology.

Discrepancies in Information Reported in the “Albuquerque 2000 Progress Report”

The Public Works Department provided us information relating to their estimates of gallons per capita per day usage from 1980 to 2002. There are differences between this information, and the gpcd water usage information reported in the “Albuquerque 2000 Progress Report” as follows:

<u>Year</u>	<u>Water Usage – gpcd (per “Albuquerque 2000 Progress Report”)</u>	<u>Water Usage – gpcd (per Public Works Department)</u>
1999	204	210
1998	213	220
1997	210	216
1996	226	239
1995	240	251

According to Public Works Department officials, the differences were caused by Water Conservation personnel overestimating the population between 1995 and 1999. The numbers were corrected when the 2000 census information became available.

B. Documentation of Information Reported

The auditor attempted to verify the accuracy of the per capita per day water usage information published by the Public Works Department. The former Water Conservation Officer stated that she “. . . calculated per capita usage by dividing the total production for the City (not just Utility operated wells) by the estimated service population, a number estimated off the census population estimates and the number of accounts in the unincorporated area. **The estimated service population is a very rough number** (emphasis added) and varies by when in the year you’re estimating. . . . At the end of 2001, the comparison of 2001 (205 gpcd) to the baseline 250 gpcd (1987-1993) was an 18% reduction.”

C. Water Production Data

The calculation of per capita per day water usage involves the amount of water produced by the City. There are some discrepancies regarding this information. For example, data from the Public Works Department states that in 1995, the Citywide total water production was 51.5 million units. A unit is 748 gallons. Consequently, this number of units equals 38.5 billion gallons. A different Public

Works Department report states that the Citywide total water production was 40.8 billion gallons. This is a discrepancy of six percent between the two different reports.

The Water Resources Manager identified this discrepancy when he accepted the position in 1997. He standardized the reporting on the basis of “gallons” at that time. According to the Water Resources Manager, the 1995 unit water production quantities were incorrectly calculated when the quantities were converted from gallons to units.

D. Conclusion

As a result of being unable to verify the population data which relate to the calculation of per capita per day water usage; the Office of Internal Audit is not able to express an opinion on what the per capita per day water usage was at the beginning of the City’s Water Conservation program, nor regarding what the 2002 per capita per day water usage is. The population estimates have a significant impact upon the calculation of water usage. If reliance cannot be placed on the population estimates, the accuracy of the calculation of the gallons per capita per day water usage is questionable.

RECOMMENDATION

The Public Works Department should recommend a standard method for calculating and reporting water usage to be adopted by the City Council. The Public Works Department should also recommend the adoption of a standard reporting period, so that data that is reported is comparable from year to year.

The Public Works Department should accurately report consistent information relating to the accomplishments of the Water Conservation Program. The information that is reported in public documents (such as the annual water conservation report) should be given on a consistent basis, so as to minimize confusion. Reporting should be for consistent periods.

The Public Works Department should thoroughly document the calculation of key statistics, such as the per capita per day water usage; and should document the sources of the information used in the calculations.

The Public Works Department should evaluate possible alternatives to improve the accuracy of the population estimates that it uses in the calculation of water usage.

EXECUTIVE RESPONSE FROM PUBLIC WORKS DEPARTMENT

“PWD agrees that a standard methodology and reporting period be used and it will be documented. We also recommend that per account methodology be used to compute reductions in total water use as compared to previous years. The reporting period should be the end of a calendar year.”

9. CITY DEPARTMENTS SHOULD IMPROVE THEIR WATER CONSERVATION EFFORTS

In August 1996, the City prepared a City-wide Internal Water Use Reduction Strategy. The City-wide Strategy has not been formally updated since then. The Strategy states “. . . the goal of the City’s Internal Water Conservation Campaign is to reduce City water use by 30 percent overall, which coincides with the city-wide 30 percent reduction goal set forth by City Council in March 1995.” This document indicates that at that time, the City consumed just over five percent of the water system’s total production, almost twice the entire amount used by the industrial water billing class.

In 1994, the City used 2.79 million units of water (a unit equals 748 gallons). In FY02, the total City consumption was 2.14 million units of water. This is an overall reduction of 24 percent. Although the City overall has reduced its water consumption significantly, there are still departments that have room for improvement.

The Water Conservation Division is currently working with the departments to develop plans. The Division Manager believes that with the present administration there is an urgency placed on the departments to develop and implement water conservation plans.

Executive Instruction No. 7, dated September 1994, states, “Therefore, mandatory water conservation by city government shall set an example for the rest of the community to help induce and avoid impending voluntary water conservation by the public. All departments shall participate in the City’s water conservation program to reduce water use. All departments shall analyze and understand their total water use and implement changes to reduce their use.”

The third largest departmental user of water in the City does not currently have a water conservation plan (see below), and has actually increased its water usage by 30 percent since 1994. This and other data, presented below, indicate that not all City departments have complied with Executive Instruction No. 7.

Additionally, there is not a consistent effort being made by the Water Conservation Program to follow-up to ensure that City Departments have water conservation plans, and are actively participating in the City’s water conservation program.

Administrative Instruction No. 6-9-1, IDENTIFICATION OF OPPORTUNITIES FOR WATER CONSERVATION AND ELIMINATION OF WATER WASTE IN CITY-OWNED FACILITIES, PROPERTIES, AND INFRASTRUCTURE, dated September 30, 1994, states, “Water Savings as a result of water use reduction and waste elimination will be documented and reported to the Water Conservation Officer and CAO annually.” Some City departments are not complying with this requirement.

A. Water Usage by Individual Departments

1. Parks and Recreation Department

The Parks and Recreation Department is the department that has the largest water usage. In FY02, this department used 1.7 million units of water. In 1994, this department used 2.1 million units of water. This department accomplished a 21 percent reduction in water usage from 1994 to FY02.

2. Aviation Department

The Aviation Department is currently the third largest departmental user of water in the City. In 1994 (the baseline year) this department’s water usage was 92,000 units. According to the 1996 Internal Water Use Reduction Strategy, the goal of the Aviation Department was to reduce its water usage to 65,000 units. In FY02, the water usage by the Aviation Department was 119,000 units.

The auditor asked the Aviation Department Director and the department’s Fiscal Manager if the Aviation Department had a current water conservation plan, and what was the reason(s) for the increase in water usage by this department. The Aviation Department informed us that “Aviation is currently doing research in the area of water meters in order to establish an up to date Water Conservation Plan and Strategy for the department. In order to establish realistic measures and goals this is the first step planned for this month followed by an updated plan by categories to include at the least a separation of water usage between the facilities (terminal building) and landscape acreage.” The Aviation Department did not provide any information regarding the question about why there was an increase in water usage in the department.

3. Cultural Services Department

The Cultural Services Department is currently the second largest departmental user of water in the City. In 1994 (the baseline year) this department’s water

usage was 156,000 units. According to the 1996 Internal Water Use Reduction Strategy, the goal of the Cultural Services Department was to reduce its water usage to 110,000 units. In FY02, the water usage by the Cultural Services Department was 164,000 units. This is in spite of the transfer of the Recreational Services Division to the Parks and Recreation Department several years ago.

The Cultural Services Department informed us that each division in the department has a water conservation plan, and provided the auditor with copies of the plans. The four divisions in the Cultural Services Department are Library, Museum, Community Events, and BioPark. The Library Division plan has a goal of a 10% reduction in its water usage, by 2005. The BioPark has quantitative reduction goals for some specific facilities, but not for the BioPark Division as a whole. None of the other division's water conservation plans have a quantitative goal for a reduction in their water usage.

The Cultural Services Department has added facilities and exhibits that are potential high water users. According to the BioPark Division Director, the silvery minnow project uses significant amounts of water. For example, the five tanks of the silvery minnow project require 166,000 gallons of fresh water that must be dumped and refilled every five days.

As a result, it is even more important that they have approved water conservation plans in place for each facility, as well as each division. The Cultural Services Department should take water usage into consideration as facilities and exhibits are planned and added.

B. Water Waste Violations

The auditor selected a statistically random sample of 50 water waste violations to review. Six of these 50 violations (12 percent) were violations by City departments. During 2002, City departments received a total of 35 water waste violations of the more than 500 violations citywide. There were a number of repeat violations at the same City facility during this time period. Two parks each received three water waste violations during 2002. Another park received two violations. Additionally, the Aviation Department received two violations for the same landscape area.

C. Compliance by City Facilities with Annual Restrictions of Inches of Water Used

Enactment # O-24-1998 restricts the number of inches of water per acre of landscape per year that can be used by various City facilities, on an annual basis. These restrictions are as follows:

- golf courses existing prior to October 1, 1995 -- 40 inches of water
- new golf courses or existing golf course expansions permitted by the City after October 1, 1995 -- 37 inches of water
- parks -- 35 inches of water
- athletic fields -- 45 inches of water

Regarding all of these types of facilities, the ordinance states that any usage over the allowable amount will be subject to the excess use surcharge, and usage will be calculated on a per individual facility basis (i.e., individual golf course, park and athletic field).

For 2000, the excess water surcharge at facilities maintained by the Parks and Recreation Department totaled \$88,389 (\$61,477 for park facilities, and \$26,912 for golf course facilities). However, the Public Works Department waived \$33,390 of the surcharges relating to schools, medians, community centers and streetscapes. The Public Works Department only billed (through a journal voucher) the Parks and Recreation Department for \$28,087 of the excess water surcharges, which were related to City parks. This waiving of excess water surcharges is not permitted by the ordinance.

A memorandum, dated May 2001, from the Public Works Department to the Parks and Recreation Department, states, “The attached chart compiles usage data by park facility for 2000 from the City’s utility billing system. City park facility usage above the allowed water budget results in a 2000 surcharge of \$28,086.52. Please note that this includes only the accounts specifically for parks. The other facilities, which you maintain at schools, little leagues, and in streets, are not included. If these were included, the total bill would be \$61,477.25.”

For 2001, the excess water surcharge at facilities maintained by the Parks and Recreation Department totaled \$92,365 (\$72,382 for park facilities, and \$19,983 for golf course facilities). However, the Public Works Department apparently waived \$42,628 of the surcharges relating to schools, medians, community centers and streetscapes. A memorandum, dated April 2002, from the Public Works Department to the Parks and Recreation Department, states, “The attached chart compiles usage data by park facility for 2001 from the City’s utility billing system. City park facility usage above the allowed water budget results in a 2001 surcharge of \$29,754.24. Please note that this includes only the accounts specifically for parks. The other facilities which you maintain at schools, little

leagues, and in streets, are not included. If these were included, the total bill would be \$72,382.00.”

This indicates that at some of its facilities, the Parks and Recreation Department is not meeting the water restrictions mandated in the ordinance. Additionally, there are some City parks where water usage is not metered. Some of these unmetered facilities have also received water waste violation assessments.

According to the Parks and Recreation Department, it has 15 parks and streetscapes with a total of 47 water mains that have unmetered water usage. Administrative Instruction No. 6-9-1, dated September 1994, states, ‘All municipal uses of water shall be metered, including currently non-metered uses such as older parks . . .’

D. Utilization of Excess Water Surcharges

In May 2001, the Public Works and the Parks and Recreation Departments executed a memorandum of understanding regarding the utilization of the excess surcharges that were being incurred by the Parks and Recreation Department. This agreement specified that these surcharges were to be used by the Parks and Recreation Department for water conservation improvements to parks and golf courses to reduce usage. According to Parks and Recreation Department personnel, the full amount of the surcharge has not yet been expended for water conservation improvements. It would be prudent of the Parks and Recreation Department to ensure that all of the funds for water conservation projects available from this source be used on a timely basis.

The excess water surcharge has not been calculated for Parks and Recreation facilities for 2002. Once calculated, this will result in additional monies available for water conservation improvements.

RECOMMENDATION

The Public Works Department should ensure that all City departments have current water conservation plans. The Public Works Department should ensure that the 1996 Internal Water Use Reduction Strategy is updated. The Public Works Department should institute a follow-up process to ensure that City Departments have water conservation plans, and are actively participating in the City’s water conservation program.

The Cultural Services Department should determine the reasons for its water usage not meeting the goals established in 1996, and should develop and implement an effective water conservation strategy. The Cultural Services

Department should take water usage into consideration as facilities and exhibits are planned and added.

The Aviation Department should determine the reasons for its water usage not meeting the goals established in 1996, and should develop and implement an effective water conservation strategy.

The Parks and Recreation Department should determine the reasons for multiple water waste violations that have occurred at some of its facilities, and take remedial actions to prevent the reoccurrence of this problem. The Parks and Recreation Department should ensure that all of the excess water use surcharge funds for water conservation projects, resulting from the May 2001 memorandum of understanding, be used on a timely basis.

EXECUTIVE RESPONSE FROM THE ADMINISTRATION

“PWD is currently working with all departments to update the Internal Water Conservation Plan and anticipates that the plan will be finalized in July 2003. We will follow-up with departments on a quarterly basis. PWD will work to ensure that all excess water use surcharge funds for Parks and Recreation are used on a timely basis.”

10. THE PUBLIC WORKS DEPARTMENT SHOULD EVALUATE WHETHER THE SETTING OF PARCEL SPECIFIC GOALS COULD ASSIST IN THE FURTHER REDUCTION OF WATER USAGE

The Long Range Water Conservation Strategy Ordinance (R-40-1995) states, “Set parcel-specific goals for all customers by the year 1998.” The parcel specific goals have not been established for the 155,000 water accounts.

The setting of parcel specific goals may assist the City in reducing the water usage of residential customers, particularly in the high water usage residential segments. For example, if the Water Conservation Program concentrated its parcel specific goals effort on the 10 percent of the residential customers who use 25 percent of the water, it would be dealing with approximately 15,500 accounts. Water Conservation Program staff could work with the Council Services Department personnel to determine if any changes or additions to existing water conservation ordinances would be appropriate to enable a parcel specific goal program to be effective.

The Ordinance requiring parcel specific goals does not include enforcement provisions. Goals without enforcement may not achieve the desired results.

RECOMMENDATION

The Public Works Department should evaluate whether the setting of parcel specific goals could assist in the further reduction of water usage, and work with the Council Services Department personnel to determine if any changes or additions to existing water conservation ordinances would be appropriate to enable a parcel specific goal program to be effective and enforceable.

EXECUTIVE RESPONSE FROM PUBLIC WORKS DEPARTMENT

“PWD will attempt to develop goals for the four classes and all services sizes by July 2003. This information will be used in the comprehensive water and sewer rate study.”

11. THE PUBLIC WORKS DEPARTMENT SHOULD IMPROVE THE OPERATIONS OF THE REBATE PROGRAMS

During the period from FY96 to FY02, the Water Conservation Program paid \$3.7 million in toilet rebates, relating to the installation of 42,000 low flow toilets and showerheads.

A. Toilet and Washing Machine Rebate Field Inspections

The Water Conservation Rebate Programs Standard Operating Procedures, dated December 2001, states, "The toilet rebate program has always been subject to fraud . . . We inspect approximately four toilet installations per week to determine whether the rebated toilet(s) is actually a low flow fixture."

According to documentation provided by Water Conservation Program personnel, 15 field inspections were done in calendar year 2001, and only three were done in calendar year 2002.

One of the Water Conservation Program employees is responsible for making the toilet inspections for the Water Resources Division. In 2002, this employee was assigned to a City program to post leak notices in all City facilities, and distribute water conservation information to restaurants and motels.

The purpose of the toilet rebate field inspections is to deter fraud. Because few inspections have been performed in the last several years, there may be undetected fraud in the toilet rebate program

Additionally, the Water Conservation Rebate Programs Standard Operating Procedures, dated December 2001, states, "We will begin inspecting one washing

machine per week once this function is usable.” Washing machine inspections have not been performed, as stated in this procedure.

B. Documentation Required to Pay Rebates

A statistically random sample of 50 rebates (toilet, xeriscape, and washing machine) was selected for review, from the period of July 2001 through November 2002. Additionally, all rebates for more than \$1,000 that were made during this period were reviewed. There were 39 of these rebates, for a total sample of 89 rebates reviewed by the auditor. The following discrepancies were noted:

- A licensed plumber is required to certify on the toilet rebate form as to the number of low flow toilets that were installed. There were eight cases where the plumber did not indicate on his certification how many low-flow toilets that he installed. In two of these cases, the Water Conservation Program paid rebates for 303 and 289 toilets without this information.
- In many cases, the name of the licensed plumber on the rebate application form was the same; however, the signatures were obviously made by different persons.
- In one case, 93 toilet rebates and 181 showerhead rebates were made to one customer. However, the Water Conservation Rebate Programs Standard Operating Procedures, dated December 2001, states, "the number of showerheads rebated per customer may not exceed the number of toilets, . . ."
- In four cases, a Water Conservation Program employee did not sign the rebate form for approval prior to the rebate being paid.
- In one case, the toilet rebate was paid as a rebate for a second toilet (\$75), but the rebate form indicated that the toilet was the first one that was being rebated. In this case, the rebate that should have been paid was \$100. The rebate form did not include an explanation as to why the discrepancy.
- In one case, the address on the rebate form, where the low-flow toilets had been installed, did not agree with the address in the database records maintained by the Water Conservation Program.
- In four cases, there were discrepancies regarding the number of low-flow showerheads being rebated. Either the plumbers certification did

not indicate the number of low-flow showerheads that were installed, or there was a difference between the quantity of showerheads that the plumber certified as being installed and the number of rebates that were paid for.

- The Water Conservation Rebate Programs Standard Operating Procedures, states, “The low flow toilets may be installed by anyone, but they must be verified by a licensed plumber working for a licensed plumbing contractor, as required by New Mexico law.” There were six cases where the plumber did not indicate on the toilet rebate form if he was a licensed plumber by putting his plumber license number on the form.

The Water Conservation Rebate Programs Standard Operating Procedures, dated December 2001, states, "Applications will automatically be sent back to the customer or rejected if :

- they are not signed by the customer and the plumbing contractor (toilets) or dealer (washing machines),
- we can't tell how many rebates are being applied for,"

C. Xeriscape Rebates

The Water Conservation Rebate Programs Standard Operating Procedures, states (with respect to xeriscape rebates), "City's Inspector must approve the application and proposed plan prior to removal of the old landscape . . . Following installation, the Landscape Inspector . . . will revisit the site to approve the rebate or suggest modifications to meet rebate requirements. Both initial and final inspections are set up by the customer calling the City's conservation program."

According to the Xeriscape Rebate Application Form, the City's Xeriscape Incentive Inspector certified, "I have inspected the area to be converted and the conversion plan. This applicant is eligible to proceed with installation." This certification was made by the inspector on June 26, 2002. According to the rebate form, the inspector also certified on the same date, June 26, 2002, "This property has been converted and meets the requirements for this program." The initial inspection is required to be done prior to the removal of the old landscape.

The auditor asked Water Conservation Program personnel about this situation. The Xeriscape Incentive Inspector informed us that ". . . this project was completed before the initial inspection was given, and the applicant supplied photographs to certify that there was grass in the converted area, as allowed under the program rules." The auditor asked to review the photographs, to verify that

the rebate was proper. Water Conservation Program personnel stated that the homeowner wanted to keep his photographs; therefore, they were not on file.

The City has an approved plant list, which specifies the rebate allowance for each approved plant. This rebate allowance is part of the determination of the rebate to be paid to the customer. In the case of one xeriscape rebate, some of the plant rebate allowances were not in accordance with the approved plant list. In the case of another xeriscape rebate, the plant name was not complete, and consequently, the auditor could not determine if the plant rebate allowance was correct.

D. Washing Machine Rebates

The "Water Conservation Rebate Programs Standard Operating Procedures", dated December 2001, states "The Washing Machine Rebate program was initiated in September of 1999 by administrative action."

The auditor requested that the Public Works Department provide him a copy of the administrative action. The Public Works Department Water Resources Division Manager was unable to locate the documentation.

RECOMMENDATION

The Public Works Department should improve the operations of the toilet rebate program. The number of toilet rebate field inspections should be increased. The Water Conservation program personnel who process rebates should ensure that all of the required information and plumber certifications have been made, prior to the payment of the rebate.

The Public Works Department should ensure that xeriscape rebates are correctly calculated and properly documented. If a xeriscape rebate is made under unusual circumstances, the circumstances should be documented to ensure that the rebate is proper.

The Public Works Department should maintain copies of all legislation or other documentation authorizing and establishing its programs.

EXECUTIVE RESPONSE FROM PUBLIC WORK DEPARTMENT

“PWD has made additions to the Standard Operating Procedures (SOPs) to improve the toilet rebate program. We will maintain documentation of all legislation. In addition, we have initiated a training program for the incentive programs to ensure that forms and other certifications are properly documented. PWD will continue to

increase the number of field inspections for the toilet and other rebate programs.”

12. THE PUBLIC WORKS DEPARTMENT SHOULD PROPERLY DOCUMENT VIOLATIONS OF THE WATER WASTE ENFORCEMENT PROGRAM

The Water Waste Ordinance defined certain practices as constituting the waste of water, and established a schedule of assessments (fees) for water waste. The assessment for the first violation is \$20. The assessment for the ninth violation of the Water Waste Ordinance is \$1,000. The Water Conservation Program has three Water Use Compliance Inspectors, who monitor water use practices in the City, and issue water waste violation notices when ordinance violations are determined.

During the life of this enforcement program, approximately \$170,000 of fees have been assessed against customers for water waste. In 2002, 527 fees were assessed. In 2000, 282 fees were assessed, and 413 fees were assessed in 2001.

A statistically random sample of 50 water waste violation cases was selected to review, from the period of July 2001 through November 2002. The following discrepancies were noted:

Documenting Water Waste Violations

The Water Conservation Program uses video cameras to videotape visual evidence of water waste violations. It also uses a standardized document, the Water Waste Documentation Form, to record information about the violation. Regarding “Documenting Water Waste Cases”, the Water Waste Enforcement Unit Standard Operating Job Procedure, states, “Be sure the correct date, time and videotape number are entered on the documentation form and that they concur with the camera clock. Without these three pieces of information, cases cannot be referenced from the tape library. . . . Describe the water waste on the form . . . Accuracy and clarity are important.”

In 15 of the water waste violation cases that were reviewed, there was not a Water Waste Documentation Form, which recorded information about the violation. The Water Conservation Program has three Water Use Compliance Inspectors. Water Conservation Program personnel informed us that one of the inspectors does not use the required form to document violations, although it is required by the procedures. The inspector who does not use this documentation form stated that he feels that the document is redundant. The other two Water Use Compliance Inspectors do use the required form to document inspections. This indicates that there may not be adequate supervisory review of the work of the inspectors.

The Water Resources Division Manager subsequently informed us that he has now instructed all of the Water Use Compliance Inspectors to document water waste violations by use of the Water Waste Documentation Form.

RECOMMENDATION

The Public Works Department should properly document violations of the Water Waste Ordinance. It should ensure that Water Use Compliance Inspectors document water waste violations, using the form required by the procedures or change the procedures to eliminate the use of the form. It should ensure that there is adequate supervisory review of the inspectors' work to identify any deviations from procedures.

EXECUTIVE RESPONSE FROM PUBLIC WORKS DEPARTMENT

“The requested addition to the SOPs has already been completed.”

13. THE PUBLIC WORKS DEPARTMENT SHOULD REPORT THE TOTAL COST OF THE WATER CONSERVATION PROGRAM

The Water Conservation Program's budget was reduced by ten percent from FY2002 to FY2003. The reduction from FY2002 to FY2003 relates to two items: marketing contract expenditures were reduced by \$118,000 and the FY2002 budget included \$29,000 for the purchase of a vehicle. According to Public Works Management, the proposed FY2004 budget for the Water Conservation Program is \$2.4 million.

The Water Conservation Program's total budget for FY2003 is \$2.17 million, as follows (in thousands):

Personnel	\$ 403
Operating Budget (telephone, supplies, travel)	39
Water Conservation Sponsor/Support	12
Customer Incentive Programs	1,231
Internal City Department Incentive Program	50
Marketing and Public Education	340
Funding Transfer to Planning Department	95
TOTAL	\$2,170

The Water Conservation Program's budget for FY2002 is as follows:

FY2002 Budget

Personnel	\$ 390
Operating Budget (telephone, supplies, travel)	37
Property (vehicle and replacement Of computers)	29
Water Conservation Sponsor/Support	6
Customer Incentive Programs	1,322
Internal City Department Incentive Program	50
Marketing and Public Education	458
Funding Transfer to Planning Department	95
TOTAL	\$2,387

Selected highlights of the Water Conservation Program's actual expenditures for FY2002 are as follows:

Selected FY2002 Actual Expenditures (in thousands)

Personnel	\$ 321
Professional Services	
Marketing Services vendor	\$ 514 (see Audit Finding No. 4)
Contractual Services	
Water Audits vendor	\$ 456 (see Audit Finding No. 3)
Vendor who performs 90% of low-flow toilet installations	\$ 185 (see Audit Finding No. 14.A. and No. 11)
Vendor who performs consul- ting for program evaluation	\$ 163

The costs of the customer incentive rebates are recorded to the Contractual Services account. The cost of the water audits and other contractually provided services are also recorded in this account. As a result, it is difficult for Water Resources Management personnel to isolate the costs of the rebates on the City's accounting system. Additionally, the majority of the rebates are recorded in the Water Resources activity rather than in the Water Conservation activity. This understates the actual cost of the Water Conservation Program and could be misleading to decision makers.

RECOMMENDATION

The Public Works Department should report the total costs of the Water Conservation Program. All of the costs of rebates to customers should be properly recorded in a separate account in the Water Conservation activity.

EXECUTIVE RESPONSE FROM PUBLIC WORKS DEPARTMENT

“PWD has revised the financial reporting program in the Utility Billing System from the Water Resources to the Water Conservation Program.”

14. MISCELLANEOUS FINDINGS

The following findings do not require responses, but should be considered as additional ways to improve the operations of the Water Conservation Program.

- A. The Water Conservation Rebate Programs Standard Operating Procedures, dated December 2001, state “An important component of the conservation program is recycling of the toilets so they do not take up a lot of space in the landfill and are not available for reinstallation in another location.” A local concrete company had “. . . agreed to accept the toilets, crush them, and use them for roadfill and other purposes related to their business. . . . the conservation program worked with plumbing suppliers and distributors and the Solid Waste Department to locate a number of dumpsters around town” for plumbers to dispose of the old toilets in.

The Water Conservation Program pays the Solid Waste Management Department for the transportation of the full dumpsters to a local concrete company that crushes the old toilets and recycles the materials. According to the Water Conservation Rebate Programs Standard Operating Procedures, the number of dumpster loads of old toilets that has been recycled has led the Water Conservation Program “. . . to the conclusion that many of the plumbers are not recycling the toilets, so that they’re ending up in the landfill or being reinstalled in another location.”

It would be counterproductive to the intent of the toilet rebate program if plumbers, instead of being crushed and recycled, were reinstalling old toilets. According to Public Works Department personnel, a single contractor is doing approximately 90 percent of the low-flow toilet installations, which are eligible for City rebates.

We recommend that the Public Works Department develop and implement procedures to ensure that old toilets are crushed and recycled, to prevent their reinstallation. We recommend that the Water Conservation Program personnel monitor the number of dumpster loads that are being recycled from the contractor

that performs approximately 90 percent of the low-flow toilet installations, which are eligible for City rebates. If there is a significant discrepancy between the number of dumpster loads of old toilets being recycled, and the number that it would be reasonable for this contractor to have, we recommend that the Water Conservation Program personnel discuss this discrepancy with that contractor.

- B. The Water Conservation Rebate Programs Standard Operating Procedures state that multi-family and non-residential toilet rebates have a "maximum 200 toilets per facility per year." The toilet rebate information reflects that five multiple family accounts received toilet rebates for more than 200 toilets in 2002. The number of toilet rebates made to each of these five accounts varied from 289 to 428 rebates. This action was not in compliance with the requirements of the procedures.

According to the former Water Conservation Officer, "The 200 per year limit was established to avoid running out of money before the end of the fiscal year. As it became apparent that that wasn't likely to happen, the restriction was not applied to multi-family. At the time I was moved, we were still telling non-residential customers that they could only do 200 a fiscal year."

The Public Works Department should amend its toilet rebate program regulations, if it intends to continue the practice of allowing customers to get more than 200 toilet rebates per year.

- C. The Water Conservation Program has monies budgeted for "Internal City Department Incentive Programs." These monies are used to assist other departments in efforts to reduce water usage.

In November 2000, the Water Conservation Program contributed \$20,000 to the Transit Department, to assist in the purchase of a new bus wash, which was supposed to recycle 80% of the water utilized.

Prior to an audit request for information, the Water Conservation Program had not followed-up with the Transit Department to see if the Project had been effective in conserving water. The Public Works Department should require departments that participate in the Internal City Incentive Program to document that the water conservation project was effective.

- D. The Water Conservation Program did not have a Water Conservation Officer from September 2002 through March 2003. The personnel of the Water Conservation Program reported directly to the Water Resources Division Manager during this period. A new Water Conservation Officer was hired in April 2003. The interrupted supervision over the operations of the Water Conservation Program may have weakened controls over the program. Because of his various responsibilities,

the Water Resources Division Manager did not have time to promptly respond to many audit questions. Consistent supervision is important for any program to be effective and efficient.

The former Water Conservation Officer was transferred to oversee the Groundwater Protection program in late 2002. The former Water Conservation Officer's salary is still being paid out of Water Conservation Program funds. Charging the former Water Conservation Officer's salary to the program reduces the resources available for water conservation efforts.

The Water Conservation Officer position has been downgraded from the level that it previously was. The previous employee was a grade M-18, but the position is now an M-17. This may reduce the apparent authority of the position.

The Public Works Department should ensure that the Water Conservation Program manager is delegated sufficient authority to effectively manage the program.

CONCLUSION

By implementing the above recommendations, the Public Works Department can improve the operations of the Water Conservation Program.

We appreciate the cooperation of Public Works Department personnel during the audit.

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