

Opinion: Financial problems in El Dorado County Department of Transportation

Publisher's note: *The following is a letter El Dorado County Auditor-Controller Joe Harn wrote to the Board of Supervisors.*

Dear Board Members:

The purpose of this letter is to document my concerns about our County Department of Transportation's culture and financial management.

The current DOT Director inherited a bloated administrative staff and a culture where cost control was not a priority period. I have attempted to work quietly and patiently with the current DOT Director and the CAO with the hope that cost cutting and efficiency would become part of the philosophy at DOT. Unfortunately the culture has not improved. There is a severe performance problem at DOT.



DOT's lack of professionalism in dealing with a utility bill from the City of Placerville illustrates the depth of the problem.

On May 2, 2011, the DOT Director signed and submitted an unusually large (\$208,759.57) claim for water and sewer services. Utility Bills from the City of Placerville and a memo signed by DOT's Chief Financial Officer supported the claim. The memo stated, "We have worked with EID and the City to carefully check the consumption for each account. Meter readings were manually verified and found to be accurate..." On May 5, 2011, my staff e-mailed DOT and its CFO as follows,

"The water consumption for Building A appears to have increased 800% from the previous year." On May 9, 2011, DOT responded to my staff, "I would suspect water usage variations could be, in part, due to outside temperature changes..." DOT's May 9th e-mail was concluded with the statement, "I hope this will answer your question..." In response to DOT's vague inadequate response my staff asked DOT for meter readings. We received the meter readings on May 19th.

On May 31st my staff e-mailed the DOT Director and CFO the following, "Based on information provided with the claim, Building A water consumption appears to have increased by approximately 800%...Please provide justification to support the increase." My records indicate there were no communications between the two departments between May 31st and June 13th. On June 13th I e-mailed the DOT Director and asked for his guidance on this matter. Despite the fact that my office had been asking DOT a totally legitimate question that DOT was unable to answer, during the period between May 2nd and June 15th DOT did retract its \$208,759 payment request.

On June 15th, the DOT Director left me a voice mail message stating that he would be sending me data that supports the City's Utility Billings. Later in the day on June 15th the DOT Director, via e-mail, asked me to retract his payment request and asked me to return the claim unpaid to DOT.

As part of the fiscal year end accounting process, I am required to accurately record all unpaid amounts due to vendors, other agencies, etc. in the County's books. Accordingly, on August 16th my staff asked DOT for any additional support for this \$208,759 payment request and all correspondence between DOT and the City about this matter.

On August 18th DOT responded. DOT's CFO has indicated that there has been NO WRITTEN communication between DOT management and the City regarding this matter. This is ridiculous and clearly indicates the lack of care, concern, and

responsibility by DOT's management when it comes to the public's money. If our water bill increases 800%, DOT management has a responsibility to write the City to document our concerns and to explain that the Utility Bill will remain unpaid until our concerns have been resolved.

The August 18th communication also indicates that DOT has reached the preliminary conclusion that the City has over billed us for 1,000,000 cubic feet of water or by \$131,200. DOT reached this preliminary conclusion three and one half months after the DOT Director and CFO approved this grossly overstated claim. DOT almost cost the County \$130,000. My staff's diligence saved the County \$130,000.

I have drafted this letter on Sunday afternoon at my home. I do not have the benefit of all my files and my staff to bring additional details about this matter or other matters to your attention. Regardless, I implore your Board to work with the CAO and other County staff to change the culture and improve the performance at DOT.

If you have any questions, feel free to call me.

Sincerely,

Joe Harn, Auditor-Controller