

Scandal at the City

Utilities department needs an overhaul

By Craig Powell
Inside City Hall

Last month came the blockbuster news that in 2013, two employees of the city's Department of Utilities were caught engaging in sexual activities in the backseat of a city vehicle in a city park on city time. Both were married, but not to each other. City managers gave the couple what was effectively a slap on the wrist: temporary cut in pay, loss of some vacation time and a "no fraternization" order.

But when a whistleblower complaint was filed almost two years later with the city auditor's office, the full story started tumbling out. The two employees lied during the investigation of the original complaint, claiming that that had done no more than "kiss twice." It turns out that they were actually spending up to three hours of their workdays in a city trailer having sex. City emails and interviews confirmed that they also bought, sold and used cocaine and alcohol while in the trailer. They admitted that it was "possible" that at least one of the employees drove city vehicles while under the influence of alcohol and cocaine. They also sometimes put in for overtime on days when they partied for hours in the trailer.

They were dumb enough to exchange sexually explicit emails and pornographic pictures and videos with one another using city email accounts. One of them even had a practice of sending pornographic emails to other DOU employees, including high-level DOU employees, none of whom apparently objected.

Out of respect for their families' privacy, I've chosen not to disclose their names. But since both held senior positions with major responsibilities before they resigned, it's entirely fair to ask: Did their extended "extracurricular activities," which apparently went undetected by oblivious senior DOU management for at least two years, compromise public health and safety? One of the them was a project manager in charge of managing city contracts with the contractors that have been installing water meters and tearing up our streets to move backyard water service to the streets in front of people's homes, the source of much consternation, waste and dangerous construction practices in recent years.

THE FACTS

The DOU has been criticized by the city auditor and local media for wasting millions of ratepayer dollars by tearing up city sidewalks to install water meters instead of simply installing meters in people's front yards. The DOU has also come under fire for abandoning backyard water mains without bothering to examine them to determine if they really needed replacing or if they had substantial remaining useful life, which some experts put at 50 years or more in many cases.

In response to media stories (particularly in Sacramento News & Review), city manager John Shirey publicly announced that he was making major changes to the water meter/water main program, including a promise to start installing meters in front yards instead of in sidewalks. However, we've seen little evidence of a broad policy change. While some neighborhoods are now seeing their new meters installed in their front yards instead of in sidewalks (a savings that can amount to thousands of dollars for a single installation, according to our research), we're getting at least as many reports that the city is still jackhammering up sidewalks to install water meters. What's the DOU's excuse for not consistently following the new policy? DOU managers claim that in many neighborhoods the city lacks recorded utility easements over the first few feet of people's front lawns and have no choice but to put meters in sidewalks instead.

But apparently no one in the DOU stopped to consider: Why don't we just go door-to-door asking people to grant the city a utility easement, explaining that it would save ratepayers a mountain of money? Or they could offer homeowners a hundred bucks or free water service for a couple of months if they granted the easement. Nope, the notion never occurred to the DOU.

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We have also been receiving anecdotal reports that the city is still choosing to abandon the majority of existing backyard water mains and paying the exorbitant cost of moving water service to the streets in front of people's homes. Why has the city manager's policy shift to leaving serviceable backyard water mains alone apparently not being implemented?

Perhaps the project manager of the DOU's water meter program was distracted.

Over the past two years, we've seen DOU contractors on numerous occasions negligently break PG&E gas lines while digging up streets for the city's water meter/water main project. DOU director Bill Busath professed ignorance of the gas line breaks when he was interviewed by a Channel 10 news team. How could he not know his contractors were breaking into gas lines? It indicates both a serious failure to monitor the grossly negligent conduct of DOU contractors and a worrisome communications failure within the DOU itself. DOU contractors caused four gas line breaks in Land Park alone last year, including a break of a 6-inch gas main that led to evacuations and drew more than 50 emergency personnel to the scene.

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Earlier this year, the DOU issued a broadly publicized advisory to residents of the Pocket, advising them to boil their tap water before consuming it due to the presence of bacteria in two DOU test wells in the area. It was apparently the first water-boil advisory ever issued by the city. The city official in charge of monitoring water quality said that the most likely cause of the contamination was a line break caused by a DOU contractor working on the water meter project. There have been no indications that any DOU contractor has been held accountable by the DOU for this line break or for any of the numerous gas line breaks caused by DOU contractors that put lives and property in danger.

Could the project manager of the DOU's water meter program have been distracted?

In a March 31, 2016 letter from city auditor Jorge Oseguera to Busath, the auditor said: "As a result of the City Auditor's Office and the Labor Relations investigations, both [employees] resigned from City of Sacramento employment. However, controls in place should have prevented these employees from behaving in an inappropriate manner. For example, adequate supervision should have detected inaccurate timekeeping for both [employees]. Further, high level employees were recipients of e-mails containing inappropriate content [pornography], which should have been brought to the attention of upper [DOU] management. Although the resignation of [the employees] resolves many of the concerns raised by this investigation, *concerns remain regarding the circumstances and cultural environment that allowed for this behavior to go undetected. Department of Utilities should be careful not to create the perception that the department allows inappropriate behavior and that such behavior will go undisciplined* [italics added]."

DOU management is asleep at the switch and has been for years. Busath is an engineer by training, not a manager. Outside of the engineering and accounting divisions of the DOU, few of the senior managers and supervisors in the department have college degrees. Most began their careers as technical workers and moved up the chain of command without formal management training or experience.

Based on multiple whistleblower reports that Eye on Sacramento (the civic watchdog group I founded) has received from current and former DOU employees in recent years, employee morale in the department is awful and staff operates in fear—not of being reported for their misconduct, but of retaliation from senior managers if they dare to report the misconduct of others within the department.

I've reported previously on the DOU's double payment of a \$90,000 chemicals invoice (first discovered by Channel 10 News), the DOU's ongoing dealings with a chemical vendor whom the city auditor had previously determined had seriously abused the city's contracting system, and "Carcinogate": the city's testing of a new chemical in the city water system, which resulted in the immediate elevation of levels of a suspected carcinogen in the city water supply above levels allowed by EPA standards. The elevated levels lasted an entire year.

The department also suffers from a toxic, insular culture that fails to ensure that its employees and contractors are held responsible and accountable for their conduct and performance, while it undermines employee morale by ignoring signs of misconduct and shoddy performance and tolerates retaliation against those with the courage to speak up about what they observe. Too many at DOU think the rules don't apply to them.

THE SOLUTION

How can the DOU's management and culture problem be fixed?

The city council's first action when it returns from vacation should be to direct the city manager to dismiss the current DOU director and replace him on an interim basis with a highly

experienced senior utility executive with a reputation for turning around troubled municipal utilities. The DOU needs a strong manager with the clear authority to remove the top cadre of current DOU managers and replace them with more experienced, better trained and more capable executives drawn entirely from outside DOU. The interim manager must be unafraid to clean house and to remove all vestiges of the current DOU culture, root and branch, and to replace it with a culture founded on a commitment to public service, personal and professional accountability and responsibility, employee respect and an abiding commitment to excellent performance.

Second, the council should commission, under the city auditor's supervision, a top-down review of the water meter/water main project by a qualified outside consultant to assess the consequences of having a very distracted project manager overseeing that program. The council should insist that the recommendations coming out of that review be fully implemented by the DOU, in contrast to the city auditor's recommended reforms of the water meter/water main project issued three years ago which were ignored by DOU management with impunity.

Third, the council should insist that the city manager initiate a nationwide search for a permanent DOU director. The ideal candidate should be a highly respected utility executive with deep experience in managing large urban utilities and a strong commitment to sustaining a new culture at DOU and a real respect for the pocketbooks of city residents and businesses that have been, and continue to be, hammered with ongoing double-digit annual hikes in their city utilities bills.

Fourth, the council should recast the current Utilities Rate Advisory Commission to serve as a citizens' oversight commission that would continually monitor the performance and policies of the DOU and its management. It should have its own experienced staff, independent of the DOU. The commission's staff director could serve as both an inspector general and public ombudsman for the DOU.

Finally, the council must address the problem of grossly inadequate council and city manager oversight of the DOU. As an enterprise fund with its own revenues, the DOU is all too often treated as a quasi-independent part of city government and given far less scrutiny than the city departments funded by the city's sensitive general fund. The current "satellite" relationship between the DOU and city government must end. With a budget that's almost two-thirds the size of the general fund budget, the DOU is too big and too important to not be closely managed by the city manager and carefully monitored by both the council and the public. The city manager should appoint a full-time assistant city manager to oversee the DOU, while the city council should convert its current council ad hoc utilities committee into a full-fledged standing council committee, with regular meetings open to the public and fully subject to the state's open-meetings law.

Sacramento will have both a new mayor, Darrell Steinberg, and a new city manager by the end of this year. If they both want to sleep well at night without worrying about when the next scandal at DOU is going to blow up, they would both be well advised to follow this suggested plan for reforming the DOU.

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