



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 24-18 Colorado Springs Utilities Underground Damage Prevention Safety Program

July 2024

### **Purpose**

The purpose of this audit was to evaluate the efficiency and effectiveness of the Underground Damage Prevention Safety Program. We reviewed the program to verify guidance for non-compliance were applied equitably and that the program was operating per applicable Colorado regulations and City Codes.

### **Highlights**

We conclude the Underground Damage Prevention Safety Program (Program) was operating in accordance with applicable Colorado regulations and City codes. Overall, the program was effectively managed. However, we noted two observations and one opportunity to improve the Program. Additionally, we noted one commendable practice related to program management.

### **Background**

The approval of Ordinance 20-70 by City Council established the Program effective January 1, 2021. Ordinance 20-70 established Colorado Springs Utilities (Utilities) as the administrator of the Program on behalf of the City of Colorado Springs (City). City Council exercised its home rule authority to maintain local control, rather than being required to participate in the state administered Program. The main purpose of the program was to reduce damage to underground facilities such as gas, electric, water, and wastewater caused by excavation. This was achieved by educating companies performing excavation (excavators) on Colorado State code, City requirements and by enforcing violations of City Code. The Program provides education for homeowners and excavators on state and local laws, the 811 process, and safe digging practices. The Program may also assess civil penalties against excavators who damage the Utilities infrastructures.

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### **Management Response**

Management was in agreement with our recommendations.

### **Recommendations**

1. Implement process to reduce subjectivity during processing of violations. Review the program to include enforcement action for locators.
2. Implement process to review and monitor all revenues and expenses incurred for the Program.

### **Opportunity for Improvement**

1. Implement process to ensure data entered in system of record is complete and accurate.

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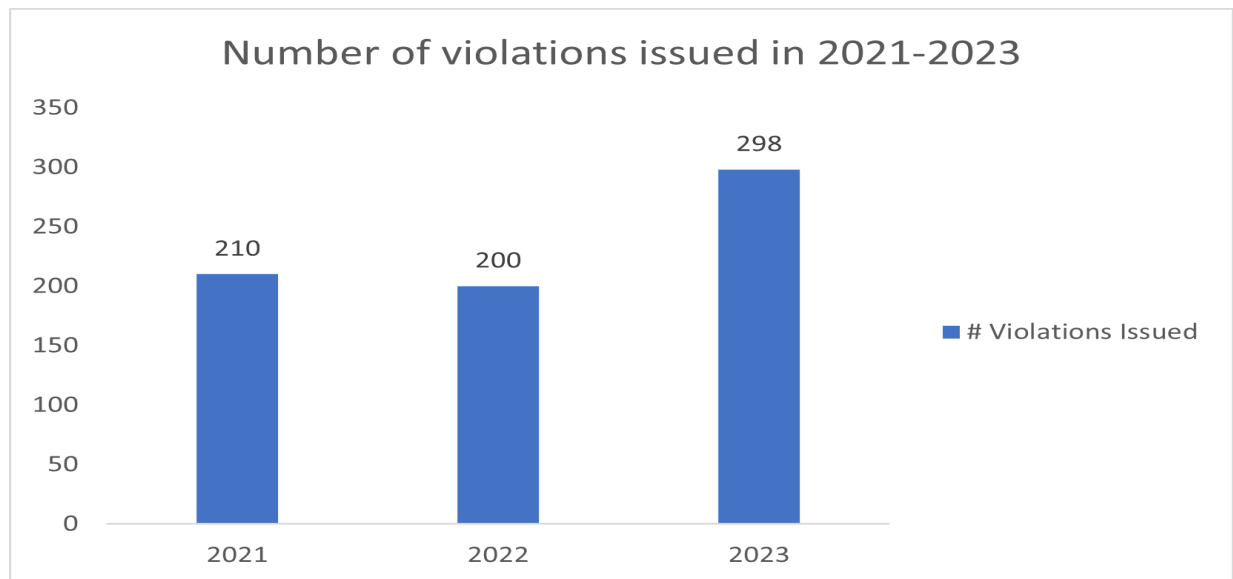
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# 24-18 COLORADO SPRINGS UTILITIES DAMAGE CONTROL PREVENTION REVIEW

Excavators are required to follow specific guidelines before excavating an area. For example, pre-mark the dig area, obtain locates (locates are documentation and ground markings that identify the position of underground facilities), and/or use safe excavation practices. Generally, damage was classified as destruction of any underground facility such as waste water, gas line, etc. If the damage occurred due to unsafe excavation practices, it was classified as a violation and thus enforcement action would be taken against the excavator. Enforcement action may include educational requirements, monetary fines, or a combination of both.

In 2023, a total of 298 violations were issued. Unsafe excavator practices and locating issues appeared to be the primary cause for damages.



Source: Prepared by the Office of the City Auditor with data provided by Utilities.

## ***What We Did:***

We reviewed City Code and Colorado State Code that was applicable to the Program. Additionally, we reviewed the enforcement of violations, education efforts to ensure proper procedures were followed per federal, state and City regulations. We briefly reviewed the program revenue and expense accounting process.

## ***Commendable Practice:***

We noted that Utilities performs various appropriate data analytics to identify root cause of damages. They utilized this information to target their efforts to effectively manage the program. They provided factual, timely information and educated stakeholders on risks associated with damages. The transparency and details in communication were commendable.

We would like to recognize and thank the Damage Prevention staff for their assistance and support during this review.

# 24-18 COLORADO SPRINGS UTILITIES DAMAGE CONTROL PREVENTION REVIEW

## **Observation 1**

We noted instances in which monetary fines were assessed at a lower amount than the fine structure. Additionally, there was no enforcement action for damages caused by locators errors.

The SENATE BILL 18-167 outlines the monetary fine structure for a violation. This was used as a guide by the program administrator to assess monetary fines. Therefore, subjectivity was utilized by the program administrator for enforcement of monetary fines.

The program did not have enforcement action to hold locator's accountable for damages caused due to locating errors.

## **Management Response**

We agree with the recommendation to bring locating in to the enforcement program. Damage Prevention will incorporate locator at fault scenarios in to the enforcement program by Q2 of 2025.

We agree with the recommendation to reduce subjectivity in the violation process. Damage Prevention will further clarify the use of the SENATE BILL 18-167 that outlines the monetary fine structure to improve equitable processing of violations. This will be completed by the end of Q4 of 2024.

## **Recommendation**

Management should implement processes that reduce subjectivity to improve equitable processing of violations. Additionally, consider reviewing the program to potentially include enforcement action to hold locators accountable for damages caused by locators error.

## **Observation 2**

The Underground Damage Prevention Safety Program was one of the many programs managed by Utilities Regulatory and Compliance department.

An adequate process was not implemented to review and monitor fine revenues and expenses incurred, at a discrete level, for the Program to accurately identify net costs.

Good accounting practices are necessary to monitor and review administration of this Program.

## **Management Response**

We agree with the recommendation. A process will be implemented to review and monitor fine revenues and expenses to the program. This will be completed by the end of Q4 of 2024.

## **Recommendation**

Management should implement a process to review and monitor all fine revenues and expenses incurred associated with administration of the Program.

# 24-18 COLORADO SPRINGS UTILITIES DAMAGE CONTROL PREVENTION REVIEW

## ***Opportunity 1***

We noted instances in which appropriate fields were not updated in the system of record for excavators required to attend the education class. We were unable to verify all the violators required to attend the Colorado Springs Utilities Damage Prevention Safety Program (CSUDPSP) class attended as required.

The excavators found at fault for a damage may need to attend CSUDPSP class. The system of record should be updated to indicate education requirements were met as part of the enforcement action to ensure the completeness and accuracy of the of the data.

## ***Management Response***

We agree with the recommendation. A process will be implemented to ensure the data entered in the system of record for each damage are complete and accurate. This will be completed by the end of Q4 of 2024.

## ***Recommendation***

Management should implement a process to ensure the data entered in the system of record for each damage are complete and accurate.