



# CITY OF SAN ANTONIO

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March 30, 2007

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David Garza  
Director, Housing and  
Neighborhood Services  
Development

Ladies and Gentlemen:

**SUBJECT: Housing and Neighborhood Services Department Code Compliance Division Audit**

We are pleased to send you the report and Management responses for the Housing and Neighborhood Services Department Code Compliance Division (CCD) Audit. This audit began in September 2006 and concluded with an exit conference with CCD Management in January 2007.

The CCD should be commended for their cooperation and assistance during this audit. The CCD Action Plan indicates full acceptance of three of the seven report recommendations, and partial acceptance of the other four recommendations.

The Internal Audit Department appreciates the opportunity to have performed this audit and is available to discuss this material with you individually at your convenience.

Respectfully submitted,

Mark S. Swann CPA, CIA, CISA  
Interim City Auditor

cc: Leticia Vacek, City Clerk



**CITY OF SAN ANTONIO**

**INTERNAL AUDIT DEPARTMENT**

**Housing and Neighborhood Services Department  
Code Compliance Division (CCD) Audit**



**Project No. AU06-016**

**Issue Date: March 30, 2007**

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## EXECUTIVE SUMMARY

### Overview

We have completed an audit of the Code Compliance Division (CCD) of the Housing and Neighborhood Services Department. The main objectives of this audit were to determine if key recommendations from an external review of Code Compliance conducted by DMG-MAXIMUS in 1999 were implemented, and to identify additional strategies to increase cost recovery of Code Compliance operations.

This report includes background information to assist the reader in understanding CCD operations. The body of the report consists of observations and recommendations and is divided into two sections, Follow-up of key DMG-MAXIMUS Recommendations, and Opportunities for Enhanced Cost Recovery.

### Results In Brief

The Code Compliance Division is responsible for enforcing certain City codes related to residential and commercial property, vehicle parking, and noise violations. CCD investigators responded to nearly 300,000 complaints in the combined FY2005 and FY2006 period. As recorded in SAP, actual FY2006 expenses for CCD were \$5.8 million, yet CCD revenues were only \$1 million. Cost recovery efforts through assessment of fines and fees, filing of property liens and collections procedures could be improved. While complaint response and closure times have improved, CCD investigators would benefit from updated technologies and more efficient operational procedures.

Our recommendations, some of which were originally made in the Final Report issued by DMG-MAXIMUS dated March 25, 1999, are summarized below.

- CCD should only perform re-inspections to validate a violation correction or abatement by a City contractor. (Recommendation A-1, Page 5)
- CCD should continue to develop policies and procedures to ensure that 100% of first investigations are performed within 10 days of initial complaint, as prescribed by the Division's Service Level Agreements (SLAs). (Recommendation A-2, Page 6)
- CCD should adopt administrative hearings for **all** code violations, and use Municipal Courts only as a last resort option for violators. CCD should restructure fines, fees, and costs schedules to provide for mandatory progressive fines commensurate with the severity of the offense. Also, CCD should consider 'booting' as a sanction for chronic front yard violations. (Recommendation A-3, Page 9-10)
- CCD should reevaluate proactive enforcement activities such as Neighborhood Sweeps and focus on areas with high concentrations of code violations and chronic violators. CCD should investigate the feasibility and legality of an ordinance requiring property owners to conduct inspections and correct code violations as a condition of certain property transfers and improvements. CCD should explore ways to strengthen the linkage between code enforcement efforts and the City's community revitalization programs. (Recommendation A-4, Page 11)
- CCD should take action to resolve dangerous premises complaints that are still pending, and implement procedures to reduce the time required to resolve such violations. (Recommendation A-5, Page 12)
- CCD should modernize operations to enhance efficiency by replacing paper documentation with electronic documentation, implementing a modern software package, assigning property research functions to administrative support personnel, and utilizing existing City GIS technology. (Recommendation A-6, Page 12)
- CCD should collaborate with the Finance Department and City Attorney's Office to improve cost recoveries associated with repeat violators with large code violation debts. CCD should pursue legislation allowing municipalities to foreclose on properties with large code enforcement liens. CCD should monitor and track collections of fines and fees associated with violations. (Recommendation B-1, Page 14)

## INTRODUCTION

### **Background**

In 2006, the Code Compliance and Neighborhood Action Departments merged to form one department, Housing and Neighborhood Services Department. The Director of Code Compliance became the Assistant Director of the Housing and Neighborhood Services Department, maintaining leadership over Code Compliance operations. While our recommendations are related to Code Compliance, we understand that the reorganization may affect the final implementation of the recommendations.

In 1999, DMG-MAXIMUS, LTD. was hired to review three different City departments collectively; Development Services, Code Compliance and Business Services. Only those recommendations related to Code Compliance operations were reviewed during this audit. We selected those key issues which remain relevant in Code Compliance operations today to audit.

CCD enforces City codes and regulations that result in the protection of the health and welfare of all citizens. These codes, which are subject to State regulations, give authority to abate (i.e. to eliminate or reduce the associated threat or risk) property and assess fines and fees according to a fine schedule approved by City Council. Examples of the most common code violations include minimum housing-weeds and rubbish, junked vehicles, front yard parking, and vacant lot violations. A CCD investigation process is initiated by a complaint filed by a citizen or as a result of proactive code enforcement. The CCD investigator will determine if a violation exists, notify the property owner in violation, and abate the property if the owner doesn't voluntarily comply. As shown in Exhibit 1, investigators responded to almost 300,000 complaints during the 2005 and 2006 fiscal years.

**Exhibit 1 – Code Compliance Complaints FY2005 and FY2006**

<b>Complaint Type</b>	<b>FY2005</b>	<b>FY2006</b>	<b>Total</b>
Minimum Housing-Weeds/Rubbish	21,240	19,323	<b>40,563</b>
Junked Vehicles	15,187	19,843	<b>35,030</b>
Front Yard Parking	13,589	12,217	<b>25,806</b>
Vacant Lot Violations	9,316	5,942	<b>15,258</b>
Right-of-Way Obstructions	8,820	8,915	<b>17,735</b>
Dangerous Premises	7,793	6,142	<b>13,935</b>
All others	70,279	72,862	<b>143,141</b>
<b>Total</b>	<b>146,224</b>	<b>145,244</b>	<b>291,468</b>
<b>Source: Enhanced Code Compliance Application (ECCO) database</b>			

The City currently uses both judicial and administrative adjudication processes for code violations. The three most common criminal violations adjudicated in Municipal Courts are minimum housing, junked vehicles, and illegal littering/dumping. These types of violations carry fines which may or may not be assessed by the Municipal Court judge. Citations are issued for civil violations such as front yard parking, oversized vehicle parking, and curbstoning which are administratively adjudicated at Municipal Courts. Curbstoning is the parking of vehicles on vacant or other parking lots for the purpose of advertisement for sale. The City also has a Dangerous Structures Determination Board (DSDB) that hears cases involving dilapidated and or abandoned buildings. Fines are not assessed for these violations; however property owners are charged administrative fees. Vacant lot owners in violation of city code are also charged an administrative fee in addition to the cost of abating the property, which is performed by City contractors.

CCD provides documentation to the Finance Department for the processing of payments to City contractors who abate properties, and bills to property owners. Investigators prepare documentation for cases adjudicated in Municipal Courts or brought before the DSDB. In most cases, CCD does not track the collection of fines and fees associated with violations, nor does it follow up on cases filed in Municipal Courts.

### **Objectives**

The objectives of this audit were to:

- Determine if key recommendations from an external review of Code Compliance conducted by DMG-MAXIMUS in 1999 were implemented,
- Identify additional strategies to increase cost recovery of Code Compliance operations.

### **Scope**

The scope of this audit included CCD operations for fiscal years 2005 and 2006 through September 15, 2006. Information presented for FY2006 in this report does not include activity from the last two weeks of the fiscal year. The audit scope did not include reviewing Neighborhood Action Department operations.

### **Criteria**

This audit was based on City codes, State of Texas codes, documented policies and procedures, and general best business practices. The detailed observations in the first section of the report, Follow-up of Key DMG-MAXIMUS Recommendations, are presented exactly as worded in the original report issued in 1999. The observation is followed by a 'Current Status' section which presents audit work performed to bring the reader up to date on the original issue.

### **Methodology**

The audit methodology consisted of collecting information and documentation, conducting interviews with personnel from Code Compliance, Finance, Municipal Courts, City Attorneys, and Information Technologies Services Departments, observing processes, performing selected tests and other procedures, and analyzing and evaluating the results of tests performed.

The audit was performed in compliance with generally accepted government auditing standards issued by the U.S. Government Accountability Office (GAO).

### **Conclusion**

The following observations were made during the course of the audit:

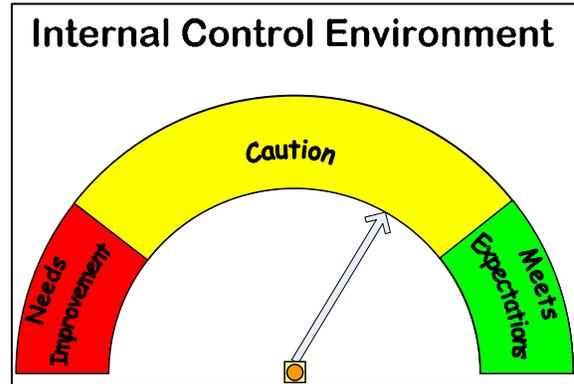
- Re-inspections continue to put a strain on CCD Investigators because current procedures require them to perform relatively more re-inspections to observe the status of violations.
- In 2006, 11 percent of complaints, or approximately 15,000, had response times more than a week after the complaint was initiated.
- The current judicial adjudication process is slow and does not promote code compliance. In addition, violation fines are rarely imposed on violators. Finally, late payment penalties and code enforcement cost-recovery practices are inadequate.
- Municipal Court judges assess fines in most cases, but these fines are rarely collected. Also, Municipal Courts only charge a \$10.00 penalty for the late payment of fines for non-criminal code violations regardless of how late payment is made.
- More than half of all actual violations are associated with addresses that have multiple violations even though proactive code enforcement has increased.
- As of September 15, 2006, there were 97 Dangerous Premises complaints from FY2005, and 915 from FY2006, whose status was still open or pending in the ECCO system.
- Operational inefficiencies and outdated technologies hinder the productivity of CCD investigators. Examples include an over-reliance on paper documentation for case file preparation and the mainframe ECCO application that is slow and inefficient.
- There are over \$4.3 million in billings receivable for code violations as of June 30, 2006. Many of the largest account balances owed to the City exceed the current values of the underlying properties. Also, collections only averaged 61 percent of billings ( $\$6,762,191 \div \$11,099,211$ ) over the period 1980 – 2006.
- Collection efforts such as invoice mailings, filing of property liens, and sending demand letters are not consistently performed. Also, State law does not allow foreclosure on properties for CCD liens alone.

**Risk Assessment Capability**

In performing this audit, five risk management capabilities were considered for purposes of determining key risks to the City. The capabilities include strategies, processes, people, technology, and information. A more detailed description of the capability stages has been included as **Attachment A**. Of the five risk management capabilities, technology and processes were deemed the most applicable to this audit. Each matrix is organized into five recognized capability maturity/development stages. Most entities achieve a managed stage while fewer achieve an optimized stage.

Based on the Enterprise Risk Assessment Capability Matrix included as **Attachment A**, it was determined that the maturity level of the CCD **Technology Capabilities** was at the *defined* stage since systems and technology are adequate to meet most of the company’s current business needs, but most do not interface.

Using the Enterprise Risk Assessment Capability Matrix for **Process Capabilities**, we believe CCD processes were at the *defined* stage since some procedures are not well documented or regularly updated to reflect changing needs.



**DETAILED OBSERVATIONS AND RECOMMENDATIONS**

**A. Follow-up of DMG-MAXIMUS, LTD. Recommendations**

***A.1 The City’s code enforcement resources have become increasingly strained by increases in complaints and re-inspection activity.***

**Current Status** Re-inspections continue to put a strain on CCD Investigators because current procedures require them to re-inspect most complaints after serving notice and prior to issuing a citation or abating the property. In addition, the amount of time spent on re-inspections reduces the amount of time that could be spent in more proactive activities and increases the amount of time to close a case. Exhibit 2 shows total inspection activity for FY98, FY05 and FY06.

**Exhibit 2 - CCD Inspection Activity**

Category	FY98	% of Total	FY05	% of Total	FY06	% of Total
First Inspections	90,078	51%	144,528	53%	143,025	58%
Re-inspections	87,370	49%	128,205	47%	103,317	42%
Total	177,448	100%	272,733	100%	246,342	100%

Source: DMG MAXIMUS Final Report (FY98), ECCO database (FY05 and FY06)

**Recommendation**

CCD should only perform re-inspections to validate a violation correction or abatement by a City contractor. State law requires giving notice with a 10-day waiting period before further action is taken by the City. The burden of proof should then be shifted to the property owner to show that the violation has been corrected. In the meantime, the adjudication or abatement process should begin during the waiting period to expedite the process. Observation A.3 below further discusses adjudication and assessment of fines and administrative fees in the absence of voluntary compliance.

***A.2 While CCD response times have shown steady improvement, overall code violation closure times could be better.***

**Current Status - Response Time**

The average response time for all complaints was cut in half from 2005 to 2006. This could be due in part to the increase in proactive code enforcement activity, where many complaints are opened and closed on the same day. However, no noticeable improvement was made in the percentage of complaints requiring more than seven days to respond to. In 2006, 11 percent of complaints, or approximately 15,000, had response times more than a week after the complaint was initiated. See Exhibit 3 for a summary of response times.

**Exhibit 3 - CCD Response Times**

	FY98	FY05	FY06
First Investigations and Open Complaints	82,066	146,224	145,244
Average Response Time (Days)	5	4	2
Complaints responded to in 1-7 days	88%	86%	89%
Complaints responded to in 8-30 days	9%	12%	10%
Complaints responded to in 31+ days	4%	2%	1%

Source: DMG MAXIMUS Final Report (FY98), ECCO database (FY05 and FY06)

After the DMG-MAXIMUS report was issued, CCD adopted a service level agreement (SLA) specifying that 100 percent of first investigations are to be performed within 10 days of initial complaint. Exhibit 4 below shows improvement in response times in 2006 over 2005, but seven percent of all complaints still had response times greater than ten days from the complaint date.

**Exhibit 4 - CCD Response Times Since SLA Was Adopted**

	FY05	FY06
Complaints responded to in 1-10 days	89.55%	92.92%
Complaints responded to in 11-30 days	8.56%	6.39%
Complaints responded to in 31+ days	1.89%	.69%

**Current Status – Violation Closure Efficiency**

Violation closure time also improved in 2006 over 2005. Violations are closed when they have been corrected. If the City needs to abate the property, or correct the violation, the property owner is sent a bill for the abatement costs plus a \$150 administrative fee. The time it takes the City to collect from the property owner is not included in the complaint closure time. As shown in Exhibit 5 below, the number of complaints closed within 30 days increased almost 10% from 2005 to 2006 although no noticeable improvement was made over 1998.

**Exhibit 5 - Complaint Closure Efficiency for Violations**

Time Period	FY98	FY05	FY06
Percentage of complaints closed within:			
1-7 days	23%	22%	24%
8-30 days	39%	31%	40%
31-180 days	37%	42%	35%
181 days or more		6%	1%
Source: DMG MAXIMUS Final Report (FY98), ECCO database (FY05 and FY06)			

Average complaint closure times for the top six code violations also saw dramatic decreases, as shown in Exhibit 6 below. Observation A.3 below discusses case closure time for violations that are adjudicated in Municipal Courts.

**Exhibit 6 - Average Complaint Closure Time in Days for Top Six Violations**

Violation Code/Description	2005		2006	
	# of cases closed	Average # of Days to Close	# of cases closed	Average # of Days to Close
M03-Minimum Housing-Weeds/Rubbish	13,256	64	10,460	40
J02-Junked Vehicle	11,184	85	12,669	41
F08-Front Yard Parking	10,873	19	8,597	18
V01-V99- Vacant Lot Violations	6,660	46	3,179	39
Z98-Dangerous Premises-Clean & Secure	5,157	52	3,250	43
R11-Right of Way Obstructions	4,828	45	4,304	29
Source: ECCO database				

**Recommendation**

CCD Management should continue to develop policies and procedures to ensure that 100% of first investigations are performed within 10 days of initial complaint, as prescribed by the Department's Service Level Agreements (SLAs). As discussed in Observation A.3, violations adjudicated in Municipal Courts can involve lengthy court proceedings, extending the amount of time the violation exists.

**A.3 San Antonio's code enforcement program could benefit from more efficient adjudication processes and more effective sanctions.**

- 1. The current judicial adjudication process is slow and does not promote code compliance.**
- 2. Violation fines and other sanctions are rarely imposed on violators.**
- 3. Late payment penalties and code enforcement cost recovery practices are inadequate.**
- 4. Current codes are difficult to understand which can foster inconsistent application.**

**Background**

Currently, the City uses both administrative and judicial adjudication; depending on the type of violation. The traditional judicial process is carried out in Municipal Courts and is used for criminal code violations, such as illegal dumping, junked vehicles, and noise violations. The administrative process is used for non-criminal code violations which include front-yard parking, garage sales without permits, over-sized vehicle parking, and "curbstoning." For these non-criminal code violations, a citation is issued on the spot such as a standard parking ticket. A hearing date is set for 14 days from the date of the violation, and the date is indicated on the citation. Just like a parking ticket, the fine can be paid before the hearing date with no penalty. Fines range from \$32 to \$200. If the defendant does not show up for the hearing, a notice is sent in the mail stating that the fine plus a late penalty of \$10 is due. Two additional notices are sent at 30 and 75-day increments if the fine still has not been paid. No additional late-payment penalties are charged. Administrative hearings are performed by Municipal Court judges on a rotating basis.

Dangerous structure code violations are reviewed by the Dangerous Structure Determination Board (DSDB), which is comprised of Directors or their alternates from City departments. Once a structure has been determined to be dangerous by CCD and all the proper research and notices have been performed, the DSDB meets to decide if the property is in violation of City code. If so, the DSDP can order the property to be secured, repaired or demolished. If the owner cannot or will not correct the violation, the City will abate the property and send the owner a bill for the expenses incurred. The property owner may appeal a DSDB order in district court.

**Current Status – Adjudication Process is Slow**

The judicial process is slow and time consuming for CC investigators. In many cases, the original code violation continues to exist while the case lingers in the court system. CCD is responsible for enforcing City codes and making San Antonio a safer and cleaner City, yet the Municipal Court process hampers the Department from accomplishing those objectives. Citizens who see code violations not being addressed for long periods may conclude that the City is not taking action to correct them.

For the most part, CCD does not track the outcome of code violation cases referred to Municipal Courts and the ECCO system does not contain information that relates to adjudication actions. According to Municipal Court records, 4,280 cases and 1,120 cases were closed during FY2005 and FY2006 respectively. Despite the drastic decrease in case load, still half of all cases took more than six months to close. Exhibit 7 below is a summary of CCD cases closed in the Municipal Courts during FY2005 and FY2006.

**Exhibit 7 – Municipal Courts Case Closure Time**

<b>Days/Months from date of violation</b>	<b>2005</b>	<b>Percent</b>	<b>2006</b>	<b>Percent</b>
0-30 Days	10	0%	7	1%
1-6 Months	1030	24%	532	47%
6-9 Months	1123	26%	444	40%
9-12 Months	1519	36%	124	11%
More than 1 Year	598	14%	13	1%
Total Cases Closed	<b>4,280</b>	<b>100%</b>	<b>1,120</b>	<b>100%</b>
Source: MCRT database				

**Current Status – Fines/Sanctions Rarely Imposed**

Code violation fines are stipulated in City ordinances. The most common violations and their associated fines are summarized below in Exhibit 8.

**Exhibit 8 - Common Code Violation Fines**

Code Violation Description	Offense	Fine	City Code Chapter
Junked Vehicles	1st	\$200 max per day	19-358
Junked Vehicles	2 <sup>nd</sup> and subsequent	\$100-\$200 per day	19-358
Minimum Housing	1st	\$100-\$1,000 per day	NHEC 105.3
Minimum Housing	2nd	\$200-\$1,000 per day	NHEC 105.3
Minimum Housing	3 <sup>rd</sup> and subsequent	\$300-\$1,000 per day	NHEC 105.3
Illegal Littering/Dumping	1st	\$100-\$2,000 per day	14-63
Illegal Littering/Dumping	2nd	\$200-\$2,000 per day	14-63
Illegal Littering/Dumping	3 <sup>rd</sup> and subsequent	\$300-\$2,000 per day	14-63
Source: CCD			

Municipal Court judges assess fines in most cases, but the fines are rarely collected. This may be due to alternative forms of sanctions such as probation and community service. Defendants with multiple violations are often allowed to plea bargain, resulting in the collection of fees and fines for only one case. If an amount is collected, it is first applied to court fees with any leftover applied to fine revenue. Exhibit 9 shows that in FY2006, an average of \$26.21 per case was collected for all cases, and an average of \$73.02 was collected for cases in which an amount was actually paid. With court fees commonly assessed at \$50 per case, very little fine revenue is generated. Assuming all cases cost Municipal Courts \$50 on average to try, total court fees alone for FY2006 would amount to \$158,950 (\$50 x 3,179); or \$75,632 more than they actually collected. Moreover, this collection rate doesn't begin to address code enforcement cost recovery.

**Exhibit 9 – Municipal Courts Fines and Fees**

Assessments/Collections	2005*	2006*
Fines Assessed	\$664,586	\$344,074
Fees Assessed	390,615	207,533
Total	\$1,055,201	\$551,607
Fines and Fees Collected	\$162,685	\$83,318
Percent Collected	15%	15%
Cases with Collections	2,177	1,141
Cases with no Collections	3,212	2,038
Total Cases*	5,389	3,179
Percent of Cases with Collections	40%	36%
Average Collections per All Cases	<b>\$30.19</b>	<b>\$26.21</b>
Average Collection per Case with Collections	<b>\$74.73</b>	<b>\$73.02</b>
Source: MCRT database		

\* Includes Open and Closed Cases

The towing and impounding of vehicles is not consistently applied for all parking violations. Currently, vehicles parked on public property are towed and impounded, however vehicles parked in front or side yards are not towed. City code appears to be contradictory in its language for allowing the impounding of parked vehicles. Since front and side yard parking are not criminal violations, the only sanction allowed other than towing is citation. This ineffective sanction has contributed to the fact that there were more than 20,000 front and side yard parking violations over the FY2005-2006 period.

**Current Status – Cost Recovery Practices are Inadequate**

Municipal Courts charge a \$10.00 penalty for late payment of fines for non-criminal code violations, regardless of how late the payment is. Interest at the rate of 10% is accrued on delinquent accounts receivable for abatement and administrative charges. Minimal consequences for late payment do not create a sense of urgency for the debtor to pay, as would steadily increasing interest and penalties as time passes.

Code violations that do not enter the Municipal Court judicial system such as overgrown vacant lots have a \$150 administrative fee attached. The City will abate the property and send a bill for the cost of abatement plus the administrative fee to the property owner. The City received a combined total of \$405,002 in administration fees for FY2005-2006.

Administration fees are not charged for code violations adjudicated by Municipal Courts. While these types of violations require as much CCD resources, if not more, than vacant lot violations, cost recovery through fines is almost non-existent. Fines that are collected are credited as revenue to Municipal Courts, not CCD.

An additional cost recovery issue is related to the demolition of dangerous properties. The Dangerous Premises Unit of Housing and Neighborhood Services investigates the complaint and performs all the preliminary work required to prepare a case for the DSDB. The Public Works Department performs the actual demolition if the property owner is not able, and the City bills the property owner the cost of the demolition and a \$150 administration fee. All collections from demolitions are credited to Public Works, even the administration fee. While a substantial amount of work is performed by Dangerous Premises investigators in demolition cases, no cost recovery from collections is reflected by Housing and Neighborhood Services.

**Current Status – Codes are Difficult to Understand**

Some City codes have been rewritten within the last five years in an effort to clarify the meaning and consequences of code violations. One remaining issue is the lack of adherence to fines allowed by the Codes, especially for repeat violations. The junked vehicle code states that if a defendant has once previously been convicted for a junked vehicle violation, the fine amount is a minimum \$100 for each conviction thereafter. The code goes on to state that each day a violation is permitted to exist constitutes a separate offense. In actuality, violations rarely if ever result in conviction. Also, based on a review of the dollar amount of assessed fines and length of time violations exist, violators are not being assessed fines based on the number of days violations are outstanding.

**Recommendations**

Internal Audit believes that recommendations made in the DMG-MAXIMUS Final report be implemented as follows:

1. Use administrative hearings for code violations with these suggested processes:
  - o Voluntary compliance (with no fine)
  - o Direct Payment (fine only)
  - o Informal hearing before hearing officer (at the discretion of the Code officer)
  - o Formal hearing (fine plus hearing officer and hearing board costs)
  - o Municipal court (fine plus hearing officer, hearing board and court costs)

An administrative adjudication process will accelerate processing times; promote greater compliance and free CCD staff from preparing cases for Municipal Courts. Chapter 54.044 of the Local Government Code of Texas as amended in 2001, allows for this alternative procedure for administrative adjudication, and does not require the CCD investigator who issued the citation to attend the hearing. Currently, investigators spend a lot of time preparing cases for court and appearing at arraignment hearings and other court proceedings. De-criminalizing code violations disables the use of arrest warrants which are currently in place. However, issuing warrants has not historically resulted in the increased collection of fines, so the advantage of this procedure is not apparent.

2. Restructure fine, fee, and cost schedules to include these features:
  - o Require immediate ticket and fine for code violations, but enable CCD and/or administrative hearing officers to defer fines under certain circumstances.
  - o Impose mandatory fines for violations not resolved administratively.
  - o Adopt progressive fine schedules calibrated to the severity of the offense, including mandatory minimum and maximum fines.
  - o Adopt mandatory progressive fine schedules for repeat offenders.
  - o Adopt progressive late payment penalties.
  - o Adopt a mandatory, progressive cost schedule for violations referred to administrative hearing officers, administrative hearing board and municipal court.

Obtain clarification on sanctions available for chronic front and side-yard parking violations. Research the possibility of “booting” vehicles after the owners have not chosen voluntary compliance. Perhaps notification of pending “booting” will increase voluntary compliance and reduce future violations.
3. Eliminate the 10-day waiting period upon original inspection and notification by immediately scheduling hearings within 30 days of initial inspection unless the violator provides documentation of compliance.
4. Establish an annual regulatory review process to monitor the effectiveness of ordinances, using community input on ordinance revisions.

***A.4 CCD’s traditional reliance on reactive code enforcement techniques may actually contribute to rising complaint volumes.***

**Current Status**

More than half of all actual violations are associated with addresses that have multiple violations even though proactive code enforcement has increased and now accounts for over half of all complaints initiated. The number of reactive complaints initiated has decreased slightly since FY98 as shown in Exhibit 10 below.

**Exhibit 10- CCD Complaints**

Category	FY98	% of Total	FY05	% of Total	FY06	% of Total
Reactive	71,340	70%	71,621	49%	68,104	47%
Proactive	30,077	30%	74,603	51%	77,140	53%
Total	101,417	100%	146,224	100%	145,244	100%

Source: DMG MAXIMUS Final Report (FY98), ECCO database (FY05 and FY06)

**No Violation:** Complaints that are investigated and determined not to be violations are coded “NNV” (no violation exists) and closed by the investigator. Forty percent of all citizen-initiated complaints, totaling more than 25,000 for each of FY2005 and FY2006 were coded NNV. Investigators also close out complaints that are duplicates, referred to other City departments, or cancelled by the initiator. These complaints may represent up to an additional 10 percent of all complaints.

**Chronic Violators:** The majority of code violations in FY2005 and FY2006 consists of multiple violations at the same addresses. In FY2005, one address had 76 violations. In FY2006, one address had 141 violations. Most chronic violations are junked vehicles and minimum housing. Multi-family housing structures appear to have the highest minimum housing code violation rates. Exhibit 11 summarizes the total number of violations by unique address.

**Exhibit 11 - Number of Violations per Unique Address**

No. of violations per Unique Address	FY05			FY06		
	No. Unique Addresses	No. of Violations	Percent of Violations	No. Unique Addresses	No. of Violations	Percent of Violations
1 only	36,796	36,796	41%	34,860	34,860	39%
2-5 violations	17,413	44,660	50%	16,402	42,514	48%
6-10 violations	817	5,761	6%	1,058	7,546	9%
Over 10 violations	133	2,264	3%	214	3,733	4%
Total	<b>55,159</b>	<b>89,481</b>	100%	<b>52,534</b>	<b>88,653</b>	100%
Source: ECCO database						

**Recommendations**

The Housing and Neighborhood Services Department should focus its proactive code enforcement on areas with high concentrations of code violations and chronic violators. Furthermore, a combination of targeted community education and tough sanctions should be required to reduce chronic code violations. The DMG-MAXIMUS Final Report offered several recommendations to prevent chronic compliance problems. These are summarized below.

1. CCD and Neighborhood Action Departments (now Housing and Neighborhood Services) should develop and implement specialized prevention programs for target customer groups and high-violation property types. It could design an apartment inspection program to help educate landlords on code violations. The City of Dallas has implemented this type of program and designated about 40 full time investigators to perform about 1,200 inspections annually.
2. Housing and Neighborhood Services should investigate the feasibility and legality of an ordinance requiring property owners to conduct inspections and correct code violations as a condition of certain property transfers and improvements.
3. The City should explore ways to strengthen the linkage between code enforcement efforts and the City's community revitalization programs. It should develop and fund a program to help impoverished violators pay for, or obtain at reduced cost, violation correction services and supplies.

***A.5 CCD has taken some positive steps to improve its abatement of dangerous premises, but these measures should be expanded.***

**Current Status**

The Dangerous Premises Unit within CCD has one supervisor and eight investigators. Seven investigators cover one Council District each and one investigator covers Districts 8, 9, and 10. The property owner is notified in writing of the code violation and has 10 days to respond. The property owner may request a hearing and by State law, the City must set up a hearing within 20 days of the request. The Dangerous Structure Determination Board (DSDB), which is comprised of representatives from four different City Departments, holds hearings twice monthly.

The number of actual Dangerous Premises violations decreased from 7,118 in 2005 to 5,375 in 2006. Exhibit 12 shows Dangerous Premises Actions in FY98, FY05, and FY06. 2005 reflects a flurry of activity in cleaning and securing of dangerous properties, while 2006 shows a drop-off of this activity. Since the total number of violations also dropped off, this seems to imply that many of the cities' abandoned and dilapidated properties were brought into compliance in 2005.

Dangerous Premise violations require a substantial amount of time and resources to resolve. As of September 15, 2006, there were 97 complaints from FY2005 whose status was pending in the ECCO system. Moreover, there were 915 complaints from FY2006 with a status of open or pending.\*

**Exhibit 12 - Dangerous Premises Actions**

<b>Action Category</b>	<b>FY98</b>	<b>FY05</b>	<b>FY06</b>
Cleaned & Secured-City	266	842	538
Cleaned & Secured-Owner	1,638	4,165	3,195
Demolished by City	153	102	140
Demolished by Owner	106	215	162
Source: DMG MAXIMUS Final Report (FY98), ECCO database			

**Recommendation**

CCD should take action to resolve dangerous premises complaints (from 2005) that are still pending, and implement procedures to reduce the time required to resolve such violations. Abandoned and dilapidated properties pose serious threats to the citizens of San Antonio while providing havens for criminal activity.

***A.6 CCD should continue its efforts to maximize the capabilities and productivity of its code enforcement field resources.***

**Current Status**

Many issues that existed in 1999 have been resolved. For example, CCD has improved its commitment to training by designating one position Training Supervisor. This individual is responsible for scheduling and monitoring training for all investigators. However, a number of factors continue to undermine the productivity of code enforcement investigators.

1. There is an over-reliance on paper documentation for case file preparation, contractor payment, and property owner billing. Significant time is spent transporting these paper files from the field to the centralized administrative support office, and to the Finance and Municipal Courts Departments downtown. Since investigators do not have traditional offices, they store all case files in the trunks of their City-issued vehicles. A pilot program intended to replace much of the paper documentation with electronic files appears to have stalled.
2. The mainframe application ECCO is outdated and data entry cumbersome.
3. Investigators perform property research while in the field, which at times is hampered or impossible due to remote connection problems.
4. CCD does not take advantage of technology such as geographic information systems (GIS) to improve productivity and efficiency. GIS can help CCD to map and inventory chronic violation areas and vacant lots.

**Recommendations**

CCD should modernize its operations to enhance efficiency by performing the following:

1. Replace paper documentation with electronic documentation for all complaints and case files. The electronic files should be accessible by all those involved in the process through the City's network, eliminating the need for transporting paper documents throughout the city.
2. Research the availability of modern software packages with data entry functionality specifically designed for municipal code enforcement. If viable, a new system should be procured and implemented that is able to track all facets of code enforcement including investigations, notices, hearings, abatement, and fines and fees assessed, collected, and due.
3. Assign property research functions that require a constant connection to web-based information to administrative support personnel with hard-wired network connections
4. Utilize the City's existing GIS technology to improve overall efficiency and comprehensive approach to code enforcement

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\* Code Compliance reported that the number of pending Dangerous Premises complaints as of December 8, 2006 had been reduced to 51 for FY2005, and 361 for FY2006.

**B. Opportunities for Enhanced CCD Cost Recovery**

The Finance Department is responsible for billing property owners for CCD abatement costs and administration fees. Finance uses the mainframe Municipal Accounts Receivable and Receipts system (MARR) module to process receivables and invoices which they then mail out. One follow-up invoice is mailed out if the original one is not paid. Finance also files property liens with Bexar County in the amount due for CCD abatements. Over-due receivables of \$5,000 or more are referred to the City Attorney's Office. The City Attorney has historically sent demand letters to the owners of record. The City has also contracted with a local law firm to send demand letters. State law allows counties to foreclose on properties with property tax liens, forcing the sale of the property at public auction. If there are CCD liens on these foreclosed properties, some or all of these expenses may be recouped by the City.

**B.1 CCD Revenue and Cost Recovery Issues**

**Observation**

According to MARR, there is over \$4.3 million in billings receivable as of June 30, 2006. Also, collections only averaged 61 percent of billings (\$6,762,191 ÷ \$11,099,211) over the period 1980 – 2006. Exhibit 13 summarizes CCD receivables and payments by fiscal year. Note: MARR balances do not include interest accrued and due on accounts.

**Exhibit 13 - CCD Receivables and Payments**

Fiscal Year	Receivables	Payments	Total
FY1980-1999	\$993,786	\$2,342,587	\$3,336,373
FY2000	\$196,839	\$502,352	\$699,191
FY2001	\$378,313	\$669,320	\$1,047,633
FY2002	\$461,833	\$871,683	\$1,333,516
FY2003	\$549,724	\$688,167	\$1,237,891
FY2004	\$744,113	\$674,583	\$1,418,696
FY2005	\$579,890	\$603,861	\$1,183,751
FY2006	\$432,518	\$409,639	\$842,157
Total	\$4,337,020	\$6,762,191	\$11,099,211
Source: MARR			

During the audit, several issues were noted that have impaired the City's ability to properly record and collect CCD revenue:

1. Revenue is recorded in SAP only when collected. The mainframe is still used as the original system of entry for recording receivables and both the MARR and SAP systems must be updated when payment is received.
2. Many of the largest receivables due exceed values of the underlying properties. Seventeen of the 28 largest balances due with receivables totaling \$528,949 exceed corresponding property values which total \$302,280.
3. For 25 of 40 accounts tested, documentation that two invoices were mailed out was unavailable. In many of these cases, the original invoice was returned undeliverable from the post office, indicating the mailing address on record may not be accurate.
4. The recording of liens with Bexar County is not timely. In 83 files tested, the average amount of time taken to file a lien was 176 days, or almost 6 months from the date of work. In one case, the lien was filed four years after the date of work.
5. The City Attorney's Office could not provide documentation that demand letters were sent for 29 of 38 receivables greater than \$5,000 that we tested.
6. The law firm contracted by the City did not send demand letters to property owners in FY2006.
7. Currently, State law does not allow foreclosure on properties for CCD liens alone.

Multiple systems of accounting entry result in duplication of effort and increased risk of error. Inconsistent collection efforts result in low collection rates and less revenue to the City. State laws restricting municipalities from foreclosing on properties with large outstanding code enforcement liens exacerbate cost recovery efforts.

**Recommendations**

CCD should phase out the use of the MARR system in favor of the SAP system as soon as possible. While it is not within the scope of authority for CCD to phase out of the mainframe system, the implementation of SAP as the only system of record will have a direct positive impact on their operations. One example is the ability to track revenues and receivables in addition to expenses, giving them complete ownership of the business process.

CCD should monitor account collections and general collection efforts. Also, they should collaborate with the Finance Department and City Attorney's Office to develop policies and procedures to improve and maximize cost recoveries.

Finally, CCD should actively pursue legislation allowing municipalities to foreclose on properties with large code enforcement liens.

**ATTACHMENT A**

**ENTERPRISE RISK ASSESSMENT MATRIX**

**Technology Capabilities**

Stage	Integration	Enhancements	Security
Ad Hoc	Limited, <i>stand-alone</i> systems and technology.	System and technology <i>enhancements</i> are rarely done unless they crash or are proven to be obsolete.	Lax to nonexistent technology infrastructure throughout the company for physical and logical <i>security</i> .
Repeatable	Viable, but <i>non-interfacing</i> systems and technology.	System and technology <i>enhancements</i> consistently trail business needs.	Limited technology infrastructure, resulting in inconsistent application of physical and logical <i>security</i> across the company.
<b>Defined</b>	<b>Systems and technology are adequate to meet most of the company's current business needs, but most do not <i>interface</i>.</b>	<b>System and technology <i>enhancements</i> are typically reactive to business changes, but are implemented timely.</b>	<b>A formal technology infrastructure exists company-wide, but some physical and logical <i>security</i> exposures exist in certain areas.</b>
Managed	Systems and technology are mostly <i>integrated</i> , effectively meeting most current business needs, and should be adequate in the near-term.	System and technology <i>enhancements</i> are planned to be proactive, and are generally implemented effectively.	A sound and formal technology infrastructure exists, and physical and logical <i>security</i> is generally effective throughout the company.
Optimized	Fully <i>integrated</i> systems and technology effectively enable the business and are generally considered a competitive advantage.	Systems and technology are <i>continuously improved</i> to maintain the competitive advantage.	A strong technology infrastructure exists, with best practice physical and logical <i>security</i> procedures operating throughout the company.

Source: Auditor's Risk Management Guide: Integrating Auditing and ERM by Paul J. Sobel, CPA, CIA

**Process Capabilities**

Stage	Procedures	Controls and Process Improvements	Metrics
Ad Hoc	No formal <i>procedures</i> exist.	<i>Controls</i> are either non-existent, or are primarily reactionary after a "surprise" within the company.	There are no <i>metrics</i> or monitoring of performance.
Repeatable	Some standard <i>procedures</i> exist.	Detective <i>controls</i> are relied upon throughout the company.	Few performance <i>metrics</i> exist, thus there is infrequent monitoring of performance.
<b>Defined</b>	<b><i>Procedures</i> are well documented, but are not regularly updated to reflect changing business needs.</b>	<b>Both preventive and detective <i>controls</i> are employed throughout the company.</b>	<b>Some <i>metrics</i> are used, but monitoring of performance is primarily manual.</b>
Managed	<i>Procedures</i> and <i>controls</i> are well documented and kept current.	Best practices and benchmarking are used to <i>improve</i> process in certain areas of the company.	Many <i>metrics</i> are used, with a blend of automated and manual monitoring of performance.
Optimized	<i>Processes</i> and <i>controls</i> are continuously reviewed and <i>improved</i> .	Extensive use of best practices and benchmarking throughout the company helps to continuously <i>improve</i> processes.	Comprehensive, defined performance <i>metrics</i> exist, with extensive automated monitoring of performance employed.

Source: Auditor's Risk Management Guide: Integrating Auditing and ERM by Paul J. Sobel, CPA, CIA



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO TEXAS 78283-3966

City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Housing and Neighborhood Services Department Code Compliance Division Audit

City Management and the Housing and Neighborhood Services Department have reviewed the audit report and have developed Corrective Action Plans below corresponding to report recommendations.

## Observations, Recommendations, Management Responses and Action Plans

### Section A - Follow-up of DMG-MAXIMUS, LTD Recommendations

#### A.1. Increased Complaints and Re-inspection Activity (Audit Report Page 5)

**Observation:** The City's code enforcement resources have become increasingly strained by increases in complaints and re-inspection activity.

**Recommendation:** CCD should only perform re-inspections to validate a violation correction or abatement by a City contractor. State law requires giving notice with a 10-day waiting period before further action is taken by the City. The burden of proof should then be shifted to the property owner to show that the violation has been corrected. In the meantime, the adjudication or abatement process should begin during the waiting period to expedite the process. Observation A.3 below further discusses adjudication and assessment of fines and administrative fees in the absence of voluntary compliance.

**Management's Response:** Partially Accept  
Responsible Person/Group: Code Enforcement Supervisors

#### **Management Action plan:**

1. There are many codes enforced by the Code Compliance Division. We will compile the list and better define the enforcement guidelines for Officers that will direct immediate citation or case filing when possible. *Completion date: April 2007*
2. We will continue, on an on-going basis, to review current ordinances and proposed amendments that will shorten the compliance or abatement time. *Completion date: This will be an on-going process.*
3. Ensure the Standard Operating Procedures include standards that limit the number of re-inspections. *Completion date: March 2007*

#### *Reason for partial acceptance:*

The enforcement procedure does to some extent follow the recommendation suggested above. There are violations in which we do start the adjudication process immediately upon verification of violation by filing a case or issuing a citation. These cases involve repeat violators and administrative type of violations (i.e. parking violations and, now, garage sales). The abatement process also commences immediately for vacant lots within 1000 feet of a school or under annual notice as provided by State law.

Shifting the responsibility for all violations from the Code Enforcement Officer (CEO) to the violator in order to decrease the number of re-inspections will also create a larger burden for prosecutors, judges, administrative hearing officers and courtroom waiting time for the CEO. Better managing the CEO's follow-up work to ensure "the next step" in the compliance or enforcement process is taken would yield less re-inspections.

In situation involving criminal cases, the Investigator must obtain with certainty, information about the violator and be able to identify him/her in the courtroom. Eight of ten violators that are mailed a notice comply without prosecution, thus making it unnecessary for the code officer to take the time to track down the information for every case. Not to mention the time saved in not preparing a court or abatement case (as recommended above) for all of those that voluntarily comply.

As suggested in the recommendation, if by burden of proof we are talking about requiring violators to prove their innocence or risk the filing of a court case, this is not possible. In criminal prosecutions, the burden of proof is placed upon the State (and it's witness – the code officer). If we rely on the violator's statement of compliance without field verification by the CEO this could result in a number of violations going uncorrected. Violators have an incentive to falsify their compliance with the aim of avoiding a fine or the inconvenience of a court hearing. Many times, violators differ with the code officer on the standards for compliance or even if they were ever in violation to begin with.

While "Zero Tolerance" for code violators is being promoted in this recommendation, it is not always the most effective and efficient method to produce compliance.

## **A.2 Complaint Response and Closure Time (Audit Report Page 5)**

**Observation:** While CCD response times have shown steady improvement, overall code violation closure times could be better.

**Recommendation:** CCD Management should continue to develop policies and procedures to ensure that 100% of first investigations are performed within 10 days of initial complaint, as prescribed by the Department's Service Level Agreements (SLAs). As discussed in Observation A.3, violations adjudicated in Municipal Courts can involve lengthy court proceedings, extending the amount of time the violation exists.

**Management Response:** Accept and already implemented

### **Management Action Plan:**

1. Provide specific "across the board" guidelines to Code Enforcement Supervisors to ensure they are addressing their subordinates when they are non-compliant with Standard Operating Procedure 201. *Completion Date: March 2007*
2. Realize certain exceptions for this guideline as it relates to assignment to special Sweep projects, unusual labor intensive cases, long periods of leave of absence and manpower shortages due to vacancies.

Code Compliance Standard Operating Procedure 201 entitled "Duties and Responsibilities" states under 201.02 B (1) "Complaints received through the Code Compliance ECCO System shall be investigated and completed within (7) business days." The effective date of the policy is March 1, 2005 and is reviewed annually.

## **A.3 Adjudication Processes and Sanctions (Audit Report Page 7)**

**Observation:** San Antonio's code enforcement program could benefit from more efficient adjudication processes and more effective sanctions.

1. The current judicial adjudication process is slow and does not promote code compliance.
2. Violation fines and other sanctions are rarely imposed on violators.
3. Late payment penalties and code enforcement cost recovery practices are inadequate.
4. Current codes are difficult to understand which can foster inconsistent application.

### **Recommendation:**

1. Use administrative hearings for code violations with these suggested processes:
  - Voluntary compliance (with no fine)
  - Direct Payment (fine only)
  - Informal hearing before hearing officer (at the discretion of the Code officer)
  - Formal hearing (fine plus hearing officer and hearing board costs)
  - Municipal court (fine plus hearing officer, hearing board and court costs)

An administrative adjudication process will accelerate processing times; promote greater compliance and free CCD staff from preparing cases for Municipal Courts. Chapter 54.044 of the Local Government Code of Texas as amended in 2001, allows for this alternative procedure for administrative adjudication, and does not require the CCD investigator who issued the citation to attend the hearing. Currently, investigators spend a lot of time preparing cases for court and

appearing at arraignment hearings and other court proceedings. De-criminalizing code violations disables the use of arrest warrants which are currently in place. However, issuing warrants has not historically resulted in the increased collection of fines, so the advantage of this procedure is not apparent.

2. Restructure fine, fee, and cost schedules to include these features:

- Require immediate ticket and fine for code violations, but enable CCD and/or administrative hearing officers to defer fines under certain circumstances.
  - Impose mandatory fines for violations not resolved administratively.
  - Adopt progressive fine schedules calibrated to the severity of the offense, including mandatory minimum and maximum fines.
  - Adopt mandatory progressive fine schedules for repeat offenders.
  - Adopt progressive late payment penalties.
  - Adopt a mandatory, progressive cost schedule for violations referred to administrative hearing officers, administrative hearing board and municipal court.
  - Obtain clarification on sanctions available for chronic front and side-yard parking violations. Research the possibility of “booting” vehicles after the owners have not chosen voluntary compliance. Perhaps notification of pending “booting” will increase voluntary compliance and reduce future violations.
3. Eliminate the 10-day waiting period upon original inspection and notification by immediately scheduling hearings within 30 days of initial inspection unless the violator provides documentation of compliance.
  4. Establish an annual regulatory review process to monitor the effectiveness of ordinances, using community input on ordinance revisions.

**Management Response:** Partially Accept

**Action plan:**

Administrative Hearings cannot be used for all code violations because the Local Government Code limits administrative adjudication to certain categories of ordinances; however, management has been and continues to review the codes with Legal staff that may be better adjudicated administratively.

**A.4 Proactive Code Enforcement and Chronic Violators** (Audit Report Page 10)

**Observation:** CCD’s traditional reliance on reactive code enforcement techniques may actually contribute to rising complaint volumes.

**Recommendation:** The Housing and Neighborhood Services Department should focus its proactive code enforcement on areas with high concentrations of code violations and chronic violators. Furthermore, a combination of targeted community education and tough sanctions should be required to reduce chronic code violations. The DMG-MAXIMUS Final Report offered several recommendations to prevent chronic compliance problems. These are summarized below.

1. CCD and Neighborhood Action Departments (now Housing and Neighborhood Services) should develop and implement specialized prevention programs for target customer groups and high-violation property types. It could design an apartment inspection program to help educate landlords on code violations. The City of Dallas has implemented this type of program and designated about 40 full time investigators to perform about 1,200 inspections annually.
2. Housing and Neighborhood Services should investigate the feasibility and legality of an ordinance requiring property owners to conduct inspections and correct code violations as a condition of certain property transfers and improvements.
3. The City should explore ways to strengthen the linkage between code enforcement efforts and the City’s community revitalization programs. It should develop and fund a program to help impoverished violators pay for, or obtain at reduced cost, violation correction services and supplies.

**Management Response:** Partially Accept (current programs already implemented)

**Management Action Plan:**

1. An inspection program for rental properties is currently being explored. *Completion date: May 2007*
2. The suggestion to codify inspections requirements before transfer of property will be explored. We have seen however that there are many investors that are buying property “as is” to make improvements themselves and “flip the house” after purchase. *Completion date: May 2007*
3. The merging of the departments of Code Compliance and Neighborhood Action Department has facilitated the coordination of referral for on-going revitalization and repair programs. The Department raised \$450,000 in private donations for an emergency repair program. Code Staff was asked to provide referrals to this program. The

Department's Stabilization program is directly tied to referrals of historic structures by code staff to the Dangerous Structure Determination Board. *Completed*

As a note of the department's pro-active efforts and community education programs, in fiscal 2005, Code Compliance implemented the CLEAN (Comprehensive Lead Enforcement Activity in Neighborhoods) Team and the Public Awareness Program to focus its proactive code enforcement in areas with high concentration of code violations and chronic violators. The top 5 reported code violations were identified and a series of quarterly press conferences and enforcement activities were targeted during each quarter. Included were vacant lots, minimum housing premises, junked vehicles, front yard parking and outside storage violations. In Addition to the press conferences that initiated the target approach, advertising on billboards was purchased and strategically located citywide based on the areas of highest frequency (using GIS to determine) per City Council District. Also, 2 new mascots, the Enforcer and Cody, were designed and costumes were made for staff to appear at various community and school events. A Code education Activity color book was developed to promote code awareness to the young and a slick new brochure for the adults. This comprehensive Code Public Awareness package was recognized with by the American Association of Code Enforcement with a National Award. Utilizing GIS the top 5 target chronic code violations are plotted citywide and the CLEAN Team of 10 CEOs are assigned Council District areas to pro-actively inspect the "hot spots".

#### **A.5 Dangerous Premises Violations (Audit Report Page 11)**

**Observation:** CCD has taken some positive steps to improve its abatement of dangerous premises, but these measures should be expanded.

**Recommendation:** CCD should take action to resolve dangerous premises complaints (from 2005) that are still pending, and implement procedures to reduce the time required to resolve such violations. Abandoned and dilapidated properties pose serious threats to the citizens of San Antonio while providing havens for criminal activity.

**Management Response:** Accept

#### **Management Action Plan:**

1. Review and make recommendation to amend Chapter 6 Article VIII that will shorten the time allowed to bring a vacant dangerous structure into compliance to include fee assessment for abandoned structures. *Completion date: July 2007*
2. Examine each pending case for 2005 and ensure case closure to the extent possible. *Completion date: March 2007*

A run as of 2/23/07 shows 39 pending from 2005 with the following reasons:

- Three properties have been demolished.
- Six properties are pending demolition. In process of environmental review, utilities disconnections or expiration of due process.
- Six properties have been repaired by owner by order of the D.S.D.B.
- Eight properties are pending in D.S.D.B. with orders to repair the structure. Also under review by Rehab. Programs and Historical Review or litigation.
- Sixteen properties are in the process of D.S.D.B. hearing. Pending voluntary compliance and are being monitored by staff. (Cleaning, securing and reviewing any repairs taking place).

We have been working with Legal to revise the code as it relates to Dangerous Premises and will consider the timetables to shorten the period to bring about closure. We are also considering proposing a fee assessment for structures left un-occupied and abandoned for a period of 6 months.

#### **A.6 CCD Investigator Productivity (Audit Report Page 12)**

**Observation:** CCD should continue its efforts to maximize the capabilities and productivity of its code enforcement field resources.

**Recommendation:** CCD should modernize its operations to enhance efficiency by performing the following:

1. Replace paper documentation with electronic documentation for all complaints and case files. The electronic files should be accessible by all those involved in the process through the City's network, eliminating the need for transporting paper documents throughout the city.

2. Research the availability of modern software packages with data entry functionality specifically designed for municipal code enforcement. If viable, a new system should be procured and implemented that is able to track all facets of code enforcement including investigations, notices, hearings, abatement, and fines and fees assessed, collected, and due.
3. Assign property research functions that require a constant connection to web-based information to administrative support personnel with hard-wired network connections
4. Utilize the City's existing GIS technology to improve overall efficiency and comprehensive approach to code enforcement

**Management Response:** Accept

**Management Action Plan:**

1. Testing with DM, other off- the- shelf software packages will be sought and researched to determine if electronic files can replace current hard copy case files and paper flow. *Completion date: July 2007*
2. Wireless network technology continues to show great advances and the Department will continue to research the new capabilities the network. *Completion date: On-going*
3. While suggesting that Code Division Support Administration could do all the property research, the current limited number of 6 Office Assistants could not support this job task as well as their responsibilities of processing the notices and work orders. Additional personnel would be needed to implement this recommendation and could be considered as a program improvement for the next fiscal year. *Completion date: Budget cycle for 2007-08.*

Between April 5, 2006 and October 17, 2006 a project to implement the Electronic Document Management – Hummingbird (DM) system was initiated with the vacant lot abatement program. DM is an existing system that is maintained by ITSD and is used by other City departments. DM features include Records Management, Contextual Relationships, and Indexing and Searching Capability, all of which could improve the Department's case documentation procedures. The project's goal was to reduce the amount of paper and reduce the paper flow. However, after configuring DM and conducting a pilot test in the field, it was discovered that the network response time to upload all required documents to one vacant lot case took a minimum of 10-15 minutes. Because of the wireless network connectivity, the time to upload the necessary document was too long for the system to be fully implemented department wide. DM, however, did show benefits on the wired network for storing and retrieving of files and forms, such as notices of violations, abatement letters, attaching files and pictures from MS Word and MS PowerPoint and etc. Additional testing and research will be done to confirm. Test concentration would have to be in how well scanned documents are produced, the amount of storage limit if any on scanned items, and again the response time on LAN for retrieving scanned items.

Code Compliance current system was recognized by the American Association of Code Enforcement for its achievement in technology in the field of code enforcement.

**Section B - Opportunities for Enhanced CCD Cost Recovery**

**B.1 CCD Revenue and Cost Recovery Issues (Audit Report Page 13)**

**Observation:** The collections process and underlying information systems have impaired the City's ability to properly record and collect CCD revenue.

**Recommendation:** CCD should phase out the use of the MARR system in favor of the SAP system as soon as possible. While it is not within the scope of authority for CCD to phase out of the mainframe system, the implementation of SAP as the only system of record will have a direct positive impact on their operations. One example is the ability to track revenues and receivables in addition to expenses, giving them complete ownership of the business process.

CCD should monitor account collections and general collection efforts. Also, they should collaborate with the Finance Department and City Attorney's Office to develop policies and procedures to improve and maximize cost recoveries.

Finally, CCD should actively pursue legislation allowing municipalities to foreclose on properties with large code enforcement liens.

**Management Response:** Partially Accept

**Management Action Plan:**

1. HNSD will initiate meetings with Legal and Finance to develop policies and procedures to improve and maximize cost recoveries. *Completion date: August 2007*
2. Proposed legislation to allow foreclosures for unpaid code liens for non-homestead properties will be considered for the 81<sup>st</sup> Legislation Session. *Completion date: August 2008*

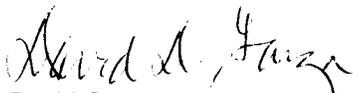
*Information below provided by Finance Department:*

The issue of utilizing SAP for CCD accounts receivables was evaluated by the ERM project team and consultants during the implementation of SAP. However, because CCD accounts receivables are a lien against real property and SAP is a customer based system, the ERM project team recommended the continued use of the legacy systems (CEARS & MARRS).

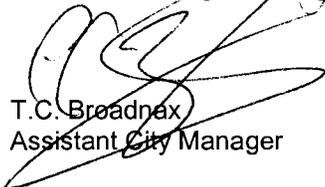
The Finance Department has been working with Information Technology Services Department (ITSD) to improve functionality and documentation of billing and collection efforts for CCD accounts receivables. Eventually, MARRS will be phased-out and payments will be posted in CEARS which will directly link to SAP to record daily CCD revenue. Additional changes include providing for the signature of real estate liens by the Tax Collector instead of the Director of the Health Department. This change has reduced the timeline for the filing of liens significantly. Liens are now filed in the Bexar County Clerks Office approximately forty-five (45) days after the first invoice is mailed, if unpaid. Other changes in procedures include forwarding delinquent CCD accounts which exceed \$5,000 to City Attorney's Office to pursue collection efforts if not already in litigation. Additionally, the Finance Department will continue to work with the City's Delinquent Property Tax Attorney to ensure CCD accounts receivables are included in judgments for delinquent property taxes. The Finance Department has coordinated a March 2007 mailing of delinquent CCD accounts by the City's Delinquent Property Tax Attorney pursuant to the terms and conditions of the current contract.

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



David Garza  
Director, Housing and Neighborhood Services Department



T.C. Broadnax  
Assistant City Manager