

**CITY OF LONG BEACH
DIRECTOR OF PUBLIC WORKS AND
UNDERGROUND STORAGE TANK
EXECUTIVE COMMITTEE**

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
UST COMPLIANCE PROGRAM
JUNE 30, 2010**



**WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION**
Certified Public Accountants & Consultants

EXCEEDING EXPECTATIONS SINCE 1926

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City of Long Beach,
Director of Public Works and
Underground Storage Tank Executive Committee

We have performed the procedures enumerated below, which were agreed to by the City of Long Beach, Department of Public Works (City of Long Beach), solely to assist you in evaluating whether the City of Long Beach is in compliance with the UST Compliance Program as of June 30, 2010. City of Long Beach's management is responsible for compliance with the UST Compliance Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Daily Tasks

- 1. Randomly select five locations to review the Site Repair Ticket (SRT) and Corrective Action Report (CAR) binders maintained at Fleet Services Bureau Administration. From the binders we will randomly select 30 UST Fueling System/Emergency Generator Site Repair Ticket (SRT) Daily Log for Fleet Staff to ensure 1) SRTs are completed at the end of each shift, Monday through Friday; 2) the UST Clerk reviews the log and files it the SRT/CAR binder; and 3) if necessary, notify Fleet Operations Supervisor about any identified issues or failure to file the daily log. (City of Long Beach UST Compliance Program Procedures – Section II, Part B, Step 1).*

We randomly selected UST sites No. 14, 34, 38, 59, and WD2 to perform our review and obtained the SRTs and CAR binders from Fleet Services Bureau personnel for each of the selected locations. We noted that the logs were reviewed by the UST clerk and that Fleet Operations Supervisors were notified of any identified problems. However, we did note that SRTs were completed when substandard or non-compliant conditions were observed and not necessarily on a daily basis. If there were no issues, a blanket statement of "All Functions Normal" was documented in the log. The Program Procedures, Section II, Part B states that: "*The Fleet Operations Field staff completes and delivers the UST Fueling System/Emergency Generator Site Repair Ticket (SRT) Daily Log Form for Fleet Staff and the UST/Fuel Site Daily Task to the UST on a daily basis.*" Management has indicated the intent of the procedure was to generate SRTs at the specific sites when issues arose and was not intended to document daily site visits.

Management's Response

The UST Fueling System/Emergency Generator Site Repair Ticket (SRT) Daily Log for Fleet Staff ("the log") was maintained on a daily basis, and all sites visited were noted on the log. The UST Compliance Program Procedures will be revised appropriately to ensure clarity on how the form shall be completed and how it relates to the bi-weekly visit of sites. The log will be modified to list site name as well instruction on how to complete the log. The purpose of the log is for Fleet Operations Field Staff to use as a short form instead of the full-page SRT form and to clearly document if a SRT was needed or not for all sites visited by the Fleet Operation Field Staff that day.

Daily Tasks (Continued)

2. *Randomly select five locations to review the UST/Fuel Site Daily Task Form maintained at Fleet Services Bureau Administration. We will randomly select a sample of 30 UST/Fuel Site Daily Task Form to ensure 1) the forms are completed at the end of each shift, Monday through Friday; 2) the Fleet Operations Supervisor reviews, signs, and dates the forms; and 3) the UST clerk transfers the Semi-weekly checklist information to the Summary Checklist for Completed Semi-weekly Site Visit Log. (City of Long Beach UST Compliance Program Procedures – Section II, Part B, Step 2).*

We randomly selected UST sites No. 14, 34, 38, 59, and WD2 to perform our review and obtained the UST/Fuel Site Daily Task Form from Fleet Services Bureau personnel for each of the selected locations and noted the following:

- The forms were completed and maintained on a daily basis; however, not all the sites were being visited on a daily basis as each site was being visited twice a week. The Program Procedures, Section II, Part B states that: "*The Fleet Operations Field staff completes and delivers the UST Fueling System/Emergency Generator Site Repair Ticket (SRT) Daily Log Form for Fleet Staff and the UST/Fuel Site Daily Task to the UST on a daily basis.*" Management has indicated the purpose of the UST/Fuel Site Daily Task Form is to record semi-weekly site visits, which are performed on a daily basis. The form consists of three sets – Monday/Wednesday, Tuesday/Thursday, and Friday to clearly illustrate that not all sites will be visited on daily basis.
- Except for 17 forms, all the UST/Fuel Site Daily Task Forms reviewed contained a supervisor's signature and date of review. Management has indicated the forms were revised and earlier versions did not require signature or date.
- The UST clerk transferred the semi-weekly checklist information to summary checklist for all completed semi-weekly visit logs reviewed.

Management's Response

The purpose of the UST/Fuel Site Daily Task Form (“the form”) is to record semi-weekly site visits and site maintenance tasks, which are performed on a “daily” basis by the Fleet Operations Field Staff. The form was developed after the Consent Judgment and Permanent Injunction (Court Order) to better structure the worksheet for the UST Fleet Operations Field Staff. An earlier version of the form did not have the signature or date line.

Semi-Weekly Site Inspections

- 3. Fleet Service Bureau Administration – For the six-month period ended June 30, 2010, obtain and review the Semi-Weekly UST Inspection log book and Semi-Weekly UST Site Inspection Checklist to ensure they have been completed and filed for each of the 15 UST locations in accordance with Appendix H of the City of Long Beach UST Compliance Program.*

We obtained the UST Site Inspection Logbook and the Semi-Weekly UST Site Inspection Checklist from the Fleet Services Bureau personnel and they were not being consistently being completed prior to April 2010. We also noted that some of the logbook for Site No. 35 was missing for the month of March 2010. The Program Procedures, Section II, Part A states that: “*Twice a week, a Fleet Operations Field staff member inspects each UST site for proper, safe and compliant operation using the Semi-Weekly UST Site Inspection Checklist (Example A) as a guide.*” Management has indicated the inspections were done; however, the documentation had not been completed.

Management's Response

The City believes that the UST Site Inspection Logbook (“logbook”) sheet for Site 35 for the month of March were completed but did not get turned in successfully to the Fleet Services Bureau Administration location. The logbook for February and April are accounted for. The semi-weekly inspections were fully implemented starting in April.

- 4. UST Locations – Randomly select a sample of five locations and perform field visits to review original Semi-Weekly UST Inspection log book and Semi-Weekly UST Site Inspection Checklist to ensure they have been completed and filed in accordance with Appendix H of the City of Long Beach UST Compliance Program.*

We randomly selected UST sites No. 14, 34, 38, 59, and WD2 to perform our field visits. We obtained and reviewed Inspection Logbooks and Inspection Checklists for each selected location and noted the previous and current month’s logbooks were maintained on site in accordance with the Compliance Program.

Management's Response

No comment.

Monthly Site Inspections

5. *Fleet Service Bureau Administration – For the six-month period ended June 30, 2010, obtain and review Designated Underground Storage Tank (UST) Operator Monthly Visual Inspection Checklists to ensure they have been completed and filed for each of the 15 UST locations in accordance with Appendix I of the City of Long Beach UST Compliance Program.*

We obtained and review the Designated Underground Storage Tank Operator Monthly Visual Inspection Checklist for each of the 15 UST locations and noted no exceptions. The checklists were completed and maintained for each of the 15 UST locations for the six-month period ended June 30, 2010.

Management’s Response

No comment.

Documentation

6. *Fleet Service Bureau Administration – Obtain and review UST Compliance Files to ensure they have been properly maintained for each of 15 UST locations in accordance with Appendix K of the City of Long Beach UST Compliance Program.*

We obtained and review the UST Compliance Files maintained by Fleet Services Bureau for each of the UST 15 locations and noted no exceptions. Files were maintained for each UST location and each file contained all the documents required by Appendix K of the City of Long Beach UST Compliance Program.

Management’s Response

No comment.

7. *UST Locations – Randomly select a sample of five locations and perform field visits to review UST Compliance Binders to ensure they have been properly maintained in accordance with Appendix J of the City of Long Beach UST Compliance Program.*

We randomly selected UST sites No. 14, 34, 38, 59, and WD2 to perform our field visit. We obtained and reviewed the Compliance Binders maintained at each select location and noted the binders contained all documents required by Appendix J of the City of Long Beach UST Compliance Program.

Management’s Response

No comment.

Training

8. *Obtain a listing of all employees as of June 30, 2010, sorted by their respective training groups as defined in Section VI of the City of Long Beach UST Compliance Program. Review documentation to ensure employees have been given the appropriate training as defined in the City of Long Beach UST Compliance Program - Section VI-Training.*

We obtained a listing of all employees sorted by their respective training groups as of June 30, 2010 and noted the following exceptions:

- As of June 30, 2010, no training session was conducted for the Executive Committee. A planned training session was held on October 27, 2010.
- As of June 30, 2010, no training session was conducted for the UST Compliance Taskforce Members. A session was held on September 2, 2010 and all taskforce members, except for the Chair-Manager, Fleet Services Bureau, were in attendance.
- Prior to the Court Order date, Fleet Services Bureau identified one Facility Employee for all UST sites that would be responsible for monitoring each site. That key employee received training on September 23, 2009. Subsequent to the Court Order date, Fleet Services Bureau has identified 57 Facility Employees spread amongst the different UST sites. From the period of January 21, 2010 through June 30, 2010, 25 of the 57 employees attended a training session. There were also 14 employees who attended training sessions after June 30 and 18 employees who have yet to attend a training session.
- A flyer containing pertinent information about UST hazards and instructions on how to report issues was created to help with training all other City employees. However, the flyer was distributed through pay stubs and pay checks during July 2010 pay period.

Management's Response

The City complies with the training requirement for four target employee groups – Executive Committee, UST Compliance Taskforce, Facility Employees and All Employees – commensurate to group's UST Compliance Program involvement.

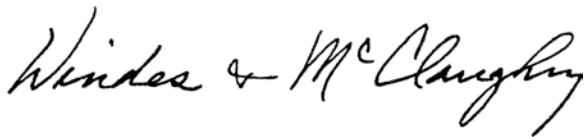
- 1) The Executive Committee training was held on October 27, 2010.
- 2) The UST Compliance Taskforce Members additional trainings were held on October 7 and November 4, 2010.

- 3) The centralized Fleet Operations Field Staff, referred hereto as the key employee, assumes the duties of the “facility employee” since the UST sites are not routinely staffed. The Fleet Operations Field Staff was trained in September 2009 in accordance with CCR, Title 23, Section 2715 (1), which specifies specific training requirements. The City has elected to train additional staff within the Fleet operations as well as other employees from other departments.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the City of Long Beach’s compliance with the UST Compliance Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Fleet Services Bureau has included its response to each of the exceptions noted above. We have not independently evaluated management’s response and have no perspective as to their accuracy, adequacy, or completeness.

This report is intended solely for the information and use of the City of Long Beach and is not intended to be, and should not be, used for anyone other than those specified parties.

A handwritten signature in cursive script that reads "Windes & McCaughey".

Long Beach, California
January 14, 2011