

Executive Summary

The City of New Orleans Office of Inspector General (OIG) conducted a review of a project to deploy a city-wide system of neighborhood surveillance cameras to help the police in their battle against crime. The project originated in 2003 when Mayor C. Ray Nagin announced a plan to install up to 1,000 video surveillance cameras as part of a crime fighting initiative. The OIG review determined that the Mayor's Office of Technology (MOT), which was charged with implementing the project, did not conduct an orderly planning process, comply with prudent procurement practices, or exercise effective contract oversight at any stage of the project.

The City's surveillance camera project was undertaken without a realistic budget or a funding plan. After conducting a flawed request for proposals process, the MOT awarded a contract for the deployment of 240 cameras to Southern Electronic Supply, Inc. (Southern) in 2004. With the project less than 25 percent complete after two years, the MOT abandoned Southern's contract. Over the following two years, the MOT went through a series of three more contractors before the project was completed on July 31, 2008 with 214 cameras deployed. The MOT's internal cost estimate for the 240 camera project was approximately \$2.6 million. After vendors submitted initial project proposals, it became apparent that the MOT had seriously underestimated the likely cost. The MOT also failed to control expenditures and allowed costs to mount to more than \$6.6 million, exceeding the amount appropriated for the project by a wide margin.

Despite its cost, the completed project is not designed or built to operate reliably and will be expensive to maintain. None of the four contractors on this project was held accountable for the quality of work or the performance of the camera system. When the final contractor deemed the project complete on July 31, 2008, it reported that 205 of the 214 cameras were operational, but an OIG inspection determined that only 114 of the cameras were working on September 18, 2008. The City blamed Hurricane Gustav, which struck on September 1, 2008, for most of the camera failures observed by the OIG. The high rate of failure may be partly attributable to the architecture of the communications network, in which the movement of a single antenna can disrupt the operation of an entire series of cameras. The OIG found that many installations were highly vulnerable to wind events, as camera equipment and plate antennas were often installed in a makeshift manner that would not meet the standards for a traditional public works project such as traffic signals or signage.

The findings in this report describe problems that contributed to the project's failure to meet the City's expectations. Major findings include the following:

- The organizational structure of the MOT, which relied on subcontractors to manage its operations, undermined accountability.
- The MOT lacked the expertise to successfully plan the surveillance camera project and relied on assistance from one vendor to the detriment of fair competition.

- The MOT's request for proposals process did not ensure that the City received the benefit of competitive prices for equipment and materials for the project.
- The contract with Southern did not hold the contractor accountable for system performance or provide a meaningful warranty for the work.
- The MOT failed to control expenditures and made \$286,423.85 in overpayments to Southern, based on records provided to the OIG.
- The MOT tacitly approved an improper lease agreement that allowed a subcontractor to profit from self-dealing.
- The City made payments totaling \$770,624.52 to Dell, Inc., without documentation to show what was purchased.
- The MOT failed to either maintain project records to document work performed or inspections done of contractors' work.
- In 2008, the MOT entered into a no-bid, open-ended agreement with Ciber Inc. to enhance the City's communications network without determining the likely cost.
- The MOT's agreement with Ciber provided no warranty or performance standards and the network Ciber built does not meet the MOT's expectations for reliability.
- The MOT incurred charges for the surveillance camera project that exceeded its budget for 2008 by \$2.5 million.

The management problems detailed in this report pre-date the tenure of the City's current Interim CTO, who began work in August 2008. In his first few months, the current Interim CTO has taken steps to address some of the problems identified in this report, but more changes are needed to guard against performance failures and cost overruns in future projects. The report concludes with the following recommendations for change:

1. The City should reduce its excessive reliance on contractors for information technology services.
2. The City should procure all services using a competitive process based on a clearly defined scope of work and a maximum contract cost.
3. The City should adopt contract terms and contract oversight procedures that hold contractors accountable for the quality of their work.
4. The City should correct weaknesses in its fiscal oversight procedures that threaten the integrity of its budget.
5. The City should develop a plan and budget before undertaking any future project.