

FOLLOW-UP OF
NEIGHBORHOOD PARK DEVELOPMENT

REPORT NO. 07-03-122F



City of Albuquerque
Office of Internal Audit and Investigations



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Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Follow-Up: NEIGHBORHOOD PARK DEVELOPMENT
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FINAL

INTRODUCTION

The Office of Internal Audit and Investigations (OIAI) performed a Follow-up of Audit No. 03-122, Neighborhood Park Development issued on April 29, 2004. The purpose of our Follow-up is to report on the progress made by the Department of Municipal Development (DMD) management, the Parks and Recreation Department (Parks) management, and the Chief Administrative Officer (CAO) in addressing our findings and recommendations.

Background Information Relating to Audit No. 03-122

In 1980, the Design and Development Division was created within Parks. When the Division was started, it managed and designed the park projects. During the 1980s, the role of Design became project manager for the contracted consultants who designed the parks, and the contractors that built the parks. In 1998, Design was moved to the Mayor's Office, Capital Implementation Program Division (CIP). In 1999 another reorganization took place, and Design was moved from CIP back to Parks. When the fieldwork for this audit began in October 2002, Design was a division of Parks. This function is currently part of DMD created July 1, 2003, as the Parks & Medians Design Division (Design). The division is now responsible for developing parks.

SCOPE, OBJECTIVES, AND METHODOLOGY

Our Follow-up procedures consist of inquires of City Personnel and review and verification of applicable documentation to assess the status of our audit recommendations. Our Follow-up is substantially less in scope than an audit. Our objective is to ensure management has taken meaningful and effective corrective action in regards to our findings and recommendations. The

audit was conducted in accordance with Government Auditing Standards, except Standard 3.49, requiring an external quality review.

The scope of the Follow-up did not include an examination of all the functions and park development activities related to DMD, Parks, or the CAO. We limited our scope to actions taken to address our audit recommendations from April 2004 thru September 2006.

We determined the following:

RECOMMENDATION NO. 1:

OIAI and Design personnel flowcharted the park development process, and determined that the funding portion of the process is the main reason it took so long to develop a neighborhood park. The cost of developing a neighborhood park was significantly higher than the fees a developer was required to pay. 14-9-3-(A) ROA 1994 required developers to give 170 square feet of land that was suitable for the development of a neighborhood park and pay \$78 for each house being built in a subdivision. The City collected \$19,968 from developers to build a one-acre park. According to Design personnel, it cost an average of approximately \$180,000 per acre to develop a neighborhood park. This left \$160,000 of funding to be generated from other sources.

The audit recommended that DMD request the Parks and Recreation Advisory Board to review the park development fees as required by the Ordinance and recommend a change in park development fees as appropriate.

The audit also recommended that the CAO recommend that the City Council revise the Park Dedication Ordinance to require developers to pay fees that are sufficient to develop neighborhood parks. In addition, the CAO should determine if the Board should continue to be responsible for the review of development fees.

The CAO responded to the audit as follows: "The Administration agrees that the fee established by ordinance in 1978 is clearly inadequate to fund the development of neighborhood parks in a timely manner. While City personnel can estimate the average cost of developing an acre of park, the actual cost of park development varies widely depending on the location and topography of the park, the total size of the park, and the facilities and amenities desired by the citizens in the area. The Administration understands that park development fees are one of many impact fees currently being studied in connection with an implementation plan for the PGS and believes that recommending an amendment of the park dedication ordinance at this time is premature." The CAO also stated, "Any proposal to increase park development fees should be reviewed by the Parks and Recreation

Advisory Board. As an advisory body, that is a proper function for the Board. However, recommendations should be proposed by the Administration and forwarded to the Board for their review and comment. The CAO, along with DMD, will review the charter of the Board for possible modification of the Board's role with respect to changes in park development fees."

DMD management responded to the audit as follows: "It is unlikely that the Board has the necessary resources to actually review the park development fees. As the implementation plan for the PGS is developed, the DMD will ensure that the Board is involved in the review of proposed changes in the park development fee and proposed impact fees for park development."

OIAI responded with the following auditor comment: "Park development fees have not been increased since 1978. Based on the changes in the Consumer Price Index, it will take \$224 in 2004 to pay for the same goods or services acquired with \$78 in 1978. It is imprudent to further postpone increasing the park development fees."

ACTION TAKEN

The audit recommendation has been fully implemented. The passage of the Impact Fees Ordinance (14-19-4 ROA 1994 et. Seq.) that went into effect July 1, 2005 superseded the Park Dedication and Development Ordinance (14-9-1 ROA 1994 et. Seq.). The Parks Advisory Board was replaced by an Impact Fee committee pursuant to the Planning; Goals and Objectives Ordinance (14-13-1-4 ROA 1994 et. Seq.), which will review impact fees relating to park development. The park development fee has been replaced with an impact fee of approximately \$1,200 per 1,000 square foot residential unit.

RECOMMENDATION NO. 2:

In 1993, Design developed a Park System Facility Plan. This plan "... identified park and recreation facility needs through the year 2001 based upon projected population growth, including land acquisition, renovation, new construction, design and maintenance guidelines, policy amendments, costs and project prioritization and phasing." This document was never adopted, and presently remains in draft form; however, it has been used as guidance for developing parks. Design stated the division lacked staff and funding to adopt and implement the plan. The plan was not current; it must be updated to include the changes in city development.

The audit recommended that DMD in collaboration with Parks update and adopt the master facility plan that incorporated anticipated City growth and allowed DMD to prioritize the allocation of resources for park development.

DMD management concurred and stated they would implement the recommendation.

ACTION TAKEN

The audit recommendation has been partially implemented. Design personnel provided OIAI with a draft of the Parks and Recreation Facility Inventory. Design personnel told OIAI that they are in process of developing a master facility plan.

RECOMMENDATION

DMD should continue to develop the master facility plan. The plan should be finalized and adopted as soon as possible.

RESPONSE FROM DMD

“DMD agrees with this recommendation. The draft plan is expected to be complete by the end of the second quarter of FY07. To date, the inventory and conditions analysis of City parks, undeveloped park land, landscaped medians, undeveloped medians, and recreation facilities (e.g. pools, tennis courts, ball fields, etc.) have all been completed. This information has been compiled into a database which has been provided to the Parks & Recreation Department. Data is currently being gathered regarding operations and maintenance costs, gap analysis, level of service recommendations, peer city analysis, and demographic analysis.”

RECOMMENDATION NO. 3:

In FY 1997, the City of Albuquerque and Albuquerque Public Schools (APS) entered into a joint use agreement to share the cost of repair and maintenance of several City parks. APS owed the City approximately \$440,000 for its share of park maintenance costs, for 12 parks. The Parks Fiscal Manager was not informed of the outstanding balance or the agreement until December 2001; therefore, APS was not billed for the maintenance costs. Subsequently, APS paid \$274,526, which consists of amounts owed for fiscal years 2000 thru 2002. The amount owed prior to fiscal year 2000, totaling \$165,474 are un-collectible by the City of Albuquerque due to the Statute of Limitations.

The audit recommended that DMD implement procedures to ensure that Parks fiscal personnel are notified of current and future joint-use agreements, so that joint partners can be billed for their share of the costs on a timely basis. The audit also recommended that Parks follow the requirements of the

joint use agreements and meet with APS every five years. In addition, the audit recommended that DMD and Parks continue to work together when negotiating park joint-use agreements and maintenance agreements, and communicate with the appropriate fiscal personnel.

DMD and Parks management responded to the audit as follows: "Both departments concur. Parks has taken the following actions regarding the Albuquerque Public Schools (APS) and City of Albuquerque Joint Use Parks Agreements:

1. All payments for invoices in arrears due and receivable from APS have been received and recorded on the City's books. APS is in complete compliance with all agreements. All payments for prior years have been made.
2. All invoices for the current fiscal year have been paid and, at this time, no current invoice payments are due from APS.
3. We have negotiated the new rate for FY/05, according to the joint use agreements, and will be billing APS the new rate beginning July 1, 2004, the first day of FY/05.

The following will occur in response to determining if new joint use agreements are in negotiations or have been completed: The Parks finance manager will send a notification memorandum in the 2nd quarter of each fiscal year to the DMD finance manager requesting written information regarding any new joint use agreements. The response shall be due no later than the last day of January in any given fiscal year. If there are new agreements, this then will allow the Parks Department one month to formulate any changes that need to occur in scheduled maintenance, and changes in billing invoices to APS for the next fiscal year. This will also adhere to APS guidelines. APS has requested official notification of any and all changes in invoice billing by March 1st of every year, in order to formulate their budget for the next fiscal year. By following this new procedure, communications will occur with APS at least once a year, rather than once every five years as required by the joint use agreements, resulting in better communications between Parks and DMD and Parks and APS."

ACTION TAKEN

The audit recommendations have been fully implemented. DMD management has implemented a procedure for communicating new joint use agreements to the Parks Fiscal Manager. The Senior Planner for Parks Design and Construction sends copies of all agreements to the Parks Fiscal Manager after they have been approved by the CAO. The Parks Fiscal Manager indicated that one new joint use park will be built and the joint partners will be billed for their share of the maintenance cost in FY08. Parks management plans to

meet with APS in December FY07 to review and determine the amounts of percentages of maintenance costs that each party will be obligated to pay. This is in accordance with joint-use agreement which requires both parties to meet every five years.

RECOMMENDATION NO. 4:

During the audit OIAI reviewed the prior year performance measures that were directly related to Design. A complete performance management system includes performance standards against which actual performance is reported, monitored, and compared. The number of construction projects and renovation projects, and dollars spent on construction projects by City crews were reported as being well below projections for FY 2002 and 2003. Parks personnel told us that each of these projections was over-estimated. The FY 2004 and 2005 performance plans did not include any specific measures for Design. Apparently, the measures were not carried forward when the division was moved to DMD.

The audit recommended that DMD establish performance measures for Design. The audit also recommended that DMD develop procedures to ensure that the causes of differences between performance goals and actual performance were reviewed, and that Design develop solutions to bring performance into line with the goal, or adjust the goal to make it more realistic and achievable.

DMD Management responded that OMB would work with DMD to improve the use and reporting of performance measures for all their program strategies and service activities.

ACTION TAKEN

The audit recommendation has been fully implemented. DMD Management has established performance measures for Design. Design has developed procedures to ensure that the cause of differences between performance goals and actual performance are reviewed. Design has also developed solutions to bring performance into line with the goals, or adjusted the goals to make them more realistic and achievable.

RECOMMENDATION NO. 5:

The Selection Advisory Committee (SAC) selects firms or persons to provide professional architectural, engineering, landscape architectural and other related professional services that will cost \$25,000 or more. The SAC submits the names of three qualified professional firms to the Mayor; the Mayor selects a firm from the list and submits the list of firms recommended by the SAC to the Council. The Council approves or disapproves the recommendations made by the Mayor.

During our fieldwork we determined that the SAC did not meet for five months, between September 2002, and March 2003. The SAC did not meet because the SAC chairman believed that the committee could not meet without a Mayor's representative on the committee. Sixteen park projects were put on hold during that five-month period. As of February 23, 2004, the SAC chairman said that Design had not submitted any projects to his office even though they were encouraged to do so in two previous meetings. The SAC chairman said that he encouraged Design to submit the list of parks on hold to his office as soon as possible in order to avoid a 4 to 6 month wait once the Mayoral representative was appointed.

The SAC could have met without the Mayoral representative since 4 of 5 committee members would constitute a quorum. According to City ordinance section 2-6-1-4 B (5) ROA 1994, "A majority of all the members of a public board, commission or committee shall constitute a quorum for the transaction of business." The SAC chairman should have been aware of the requirements of the ordinances involved with the committee. Supervisors should have monitored the progress of park development, including the projects on hold and the reasons they were not moving forward. Park projects were delayed that could have been approved by the existing members of the SAC.

The audit recommended that the CAO appoint representatives to the SAC in a timely manner. The audit also recommended that DMD ensure that the SAC chairman and Design supervisors are aware of the ordinance requirements and ensure that park projects are not unnecessarily delayed.

DMD Management responded to the audit as follows: "As noted in the findings, the lack of a mayoral representative on the SAC should not have delayed the work of the SAC. However, the Administration agrees that appointments to decision-making committees should be made in a timely manner to ensure the work of the committee moves forward on a timely basis."

ACTION TAKEN

The audit recommendation has been fully implemented. The SAC Ordinance (14-7-2-3 ROA 1994 ef. Seq.) was amended in January 2006 to allow for a City employee to sit in place of the Mayor's representative when needed.

CONCLUSION

DMD has fully implemented or resolved four of the five recommendations noted in the initial audit. One item has been partially implemented. DMD needs to develop a facility master plan. This needs to be finalized and adopted as soon as possible.

We appreciate the assistance and cooperation of DMD and Parks personnel during the Follow-up.

Audit Manager

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