



A Report
to the
Board of
Supervisors

*Maricopa County
Internal Audit
Department*

Ross L. Tate
County Auditor

Department Audit

Parks and Recreation

*Review of the Maricopa County
Parks and Recreation Department*

March ■ 2007

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The **County Auditor** is appointed by the Board of Supervisors. The mission of the Internal Audit Department is to provide objective, accurate, and meaningful information about County operations so the Board of Supervisors can make informed decisions to better serve County citizens.

The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

Audit Team Members

**Eve Murillo, Deputy County Auditor
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Many of our reports can be found in electronic format at:
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March 30, 2007

Fulton Brock, Chairman, Board of Supervisors
Don Stapley, Supervisor, District II
Andrew Kunasek, Supervisor, District III
Max Wilson, Supervisor, District IV
Mary Rose Wilcox, Supervisor, District V

We reviewed the Maricopa County Parks and Recreation Department (Parks) in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a risk assessment process.

Highlights of this report include:

- Parks has not performed a comprehensive fee study since 2002
- Contract monitoring has improved but additional progress is needed; approximately \$20,400 in revenue may have gone uncollected
- Most parks are adequately maintained
- Inventory for visitor's centers/souvenir shops appeared to be properly safeguarded
- Managing for Results key performance measures were accurately reported

This report contains an executive summary, specific information on the areas reviewed, and Park's response to our recommendations. We reviewed this information with Parks and appreciate the excellent cooperation provided by management and staff. The Parks Director took action after the completion of audit fieldwork to address issues noted. If you have any questions, or wish to discuss the information presented in this report, please contact Eve Murillo at (602) 506-7245.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

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Executive Summary

The Parks Fee Structure Should Be Reviewed (Page 6)

Charging appropriate fees is a key business policy, but Parks has not performed a comprehensive fee study since 2002. As a result, fees may be too low, which could increase Parks' reliance on the general fund unnecessarily. Parks should review their fee structure to determine if increases are needed to keep pace with inflation and operating costs.

Contract Monitoring has Improved; Further Progress is Needed (Page 7)

Parks has strengthened contract monitoring since prior audits. However, improvements still are needed to ensure conformance with payment provisions and insurance requirements. We estimate potential uncollected revenue up to \$20,400 due to unverified balloon payments and unassessed late fees and interest. Ineffective contract monitoring can foster noncompliance with terms and conditions and result in lost revenue and/or litigation. Parks should document contract monitoring policies and procedures and provide additional training to all staff involved in contract administration.

Most County Parks are Adequately Maintained (Page 10)

Parks has an obligation to ensure that park facilities are well maintained and safe. Four of the five parks visited appeared to be adequately maintained. However, Estrella Mountain Regional Park did not. Lack of adequate maintenance could result in unsanitary and unsafe conditions not being identified and corrected in a timely manner, creating a potential liability for the County. Additionally, park visitor satisfaction could be negatively impacted and lead to a reduction in park attendance and related fee revenue. Parks should establish standard criteria for minimum maintenance requirements for all parks and conduct surprise visits. Maintenance crews should be appropriately supervised.

Inventory is Effectively Controlled

The inventory sold at visitor's centers and souvenir shops appears to be effectively administered by Parks to ensure that assets are safeguarded. Verbal recommendations were provided for minor weaknesses. No reportable conditions were found.

Performance Measures Appear to be Accurate (Page 13)

We examined two Managing for Results key results performance measures and concluded that the Parks' data collection procedures are reliable and key results are accurately reported.

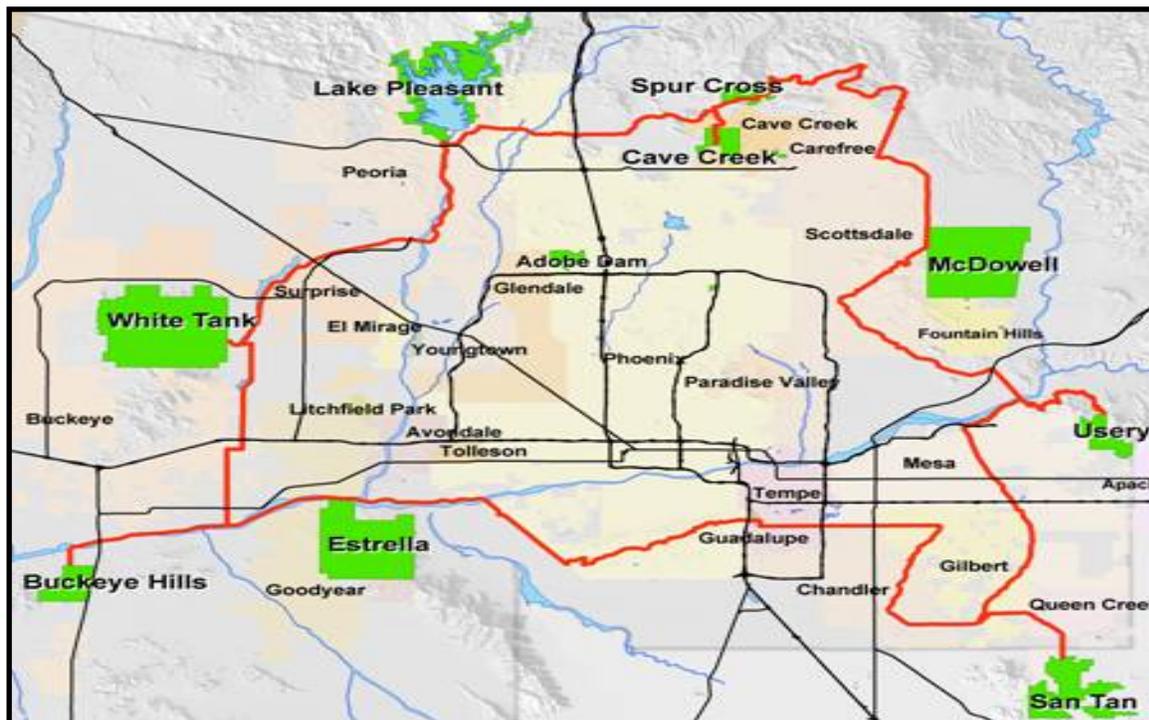
Introduction

Background

Maricopa County Parks and Recreation Department (Parks) administers the largest regional park system in the United States. At approximately 120,000 acres, the system contains more land than the City of Scottsdale. The number of park visitors increased by three and one half percent over the past four years, to 1.28 million in FY 2006. Growth is projected to continue, due to expected increases in County population, Parks' marketing programs, and planned park enhancements. The County parks are listed below.

Eastside Parks	Westside Parks
Adobe Dam Regional Park	Buckeye Hills Regional Park
Cave Creek Regional Park	Desert Outdoor Center at Lake Pleasant
McDowell Mountain Regional Park	Estrella Mountain Regional Park
San Tan Mountain Regional Park	Lake Pleasant Regional Park
Spur Cross Ranch Conservation Area	White Tank Mountain Regional Park
Usery Mountain Regional Park	

The County park system and the Maricopa County Regional Trail are reflected below. The Maricopa Trail was adopted by the Maricopa County Board of Supervisors in 2002, and will provide a continuous trail system connecting County parks to recreational corridors around the Valley. Completion of the trail system is expected to progress over the next ten years and will cover an estimated 750 miles.

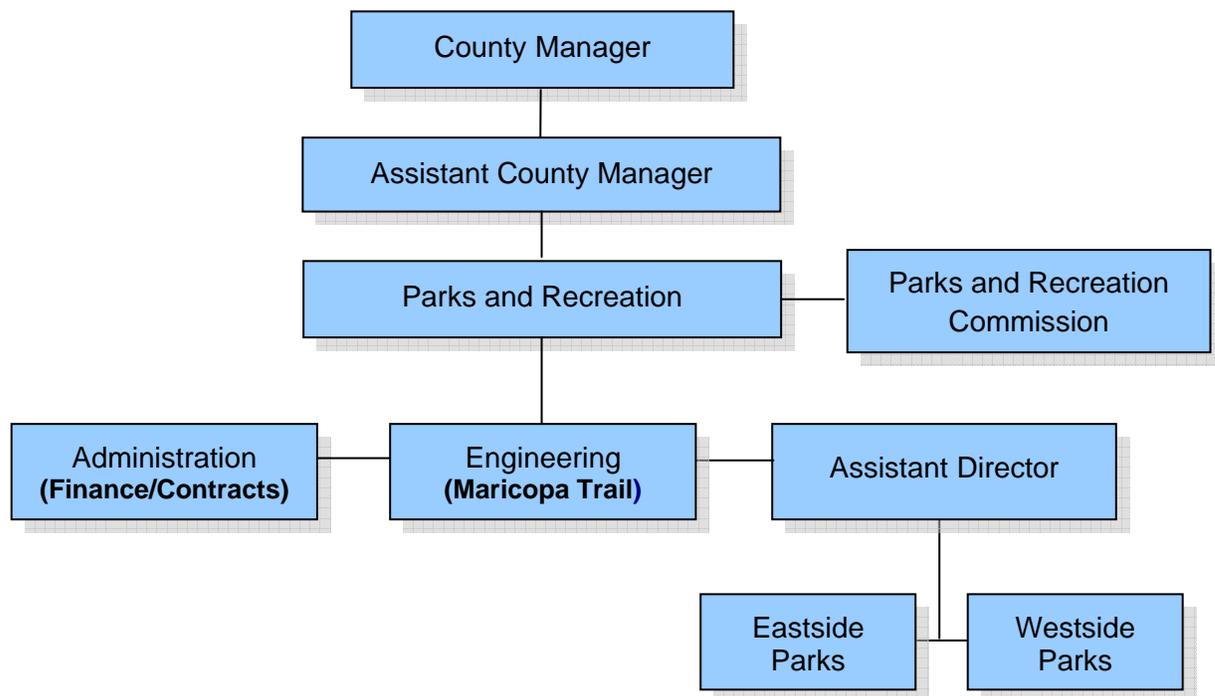


Parks and Recreation Organization

The Parks management team is comprised of the department director, assistant director, and four division managers. Each regional park is managed at the park supervisor level. Nine park supervisors report to an Eastside or Westside park superintendent.

Parks is advised by a seven-member Parks and Recreation Commission, whose members are appointed by the Board of Supervisors. The Commission is not a policy-making board, but rather serves in an advisory capacity by providing access for public information and feedback, and reviewing and making recommendations. The Commission may review park rules, recommend rule changes and fee schedules to the Board of Supervisors and advise regarding broad policies and long range programs.

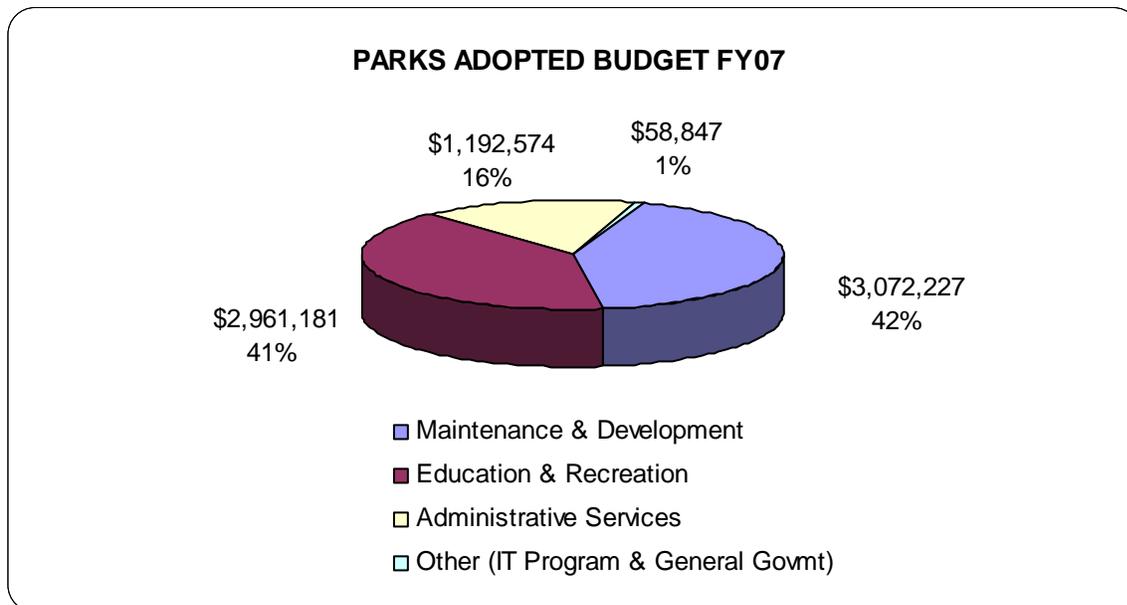
With the adoption of the FY 2007 budget, the Board of Supervisors approved an increase in the number of Parks positions. Approved positions were increased from 88 to 90 full-time equivalents. The Parks organization is shown below.



To supplement staff resources, Parks administers two volunteer programs. The Park Host program includes volunteers who live on park premises and serve at least 20 hours weekly. The Volunteer Program includes volunteers who do not reside in the parks. Volunteers worked over 66,000 hours in FY 2006, more than one-fourth of total hours worked in the department. According to Parks, the volunteer program saved over \$634,500 in personnel costs in FY 2006.

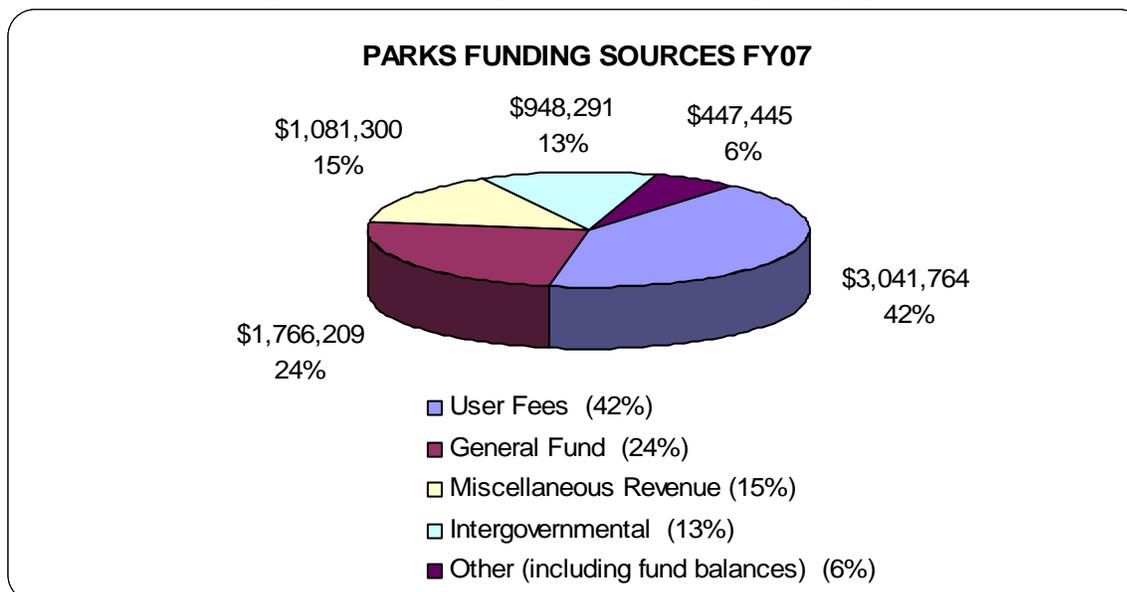
Parks Budget

One of Parks' strategic goals is to become non-reliant on the general fund for park operations through alternate means of funding, which may include the development of a strong non-profit foundation or other special revenue sources. The Parks adopted expenditure budget for FY 2007 is \$7.3 million, a decrease of about \$0.4 million from the FY 2006 revised budget. The general fund appropriation is \$1.77 million, or 24 percent of the FY 2007 adopted budget. Major expenditures are almost evenly divided between Maintenance & Development and Education & Recreation programs, as shown below.



Source: FY 2007 Annual Business Strategies

Attracting more visitors through amenities and marketing is one key approach to increasing Parks' resources. Over 40 percent of funding comes from fees paid by park visitors, as shown below.



Source: 2007 Annual Business Strategies

To fund specific initiatives, Parks has pursued additional grants. Since FY 2005, grant funding has increased 230 percent, from \$142,000 to \$468,000 in FY 2007. In addition, in FY 2006, Parks' capital improvement program has a dedicated source of funding. The Board of Supervisors approved a change to the County tax rate to include one cent of the real estate tax for Parks' capital projects. This represents new revenue of an estimated \$3.1 million in one time funding for a parks revitalization project.

Scope and Methodology

The objectives of this audit were to determine if:

- Parks' concessionaire contract monitoring activities are adequate to ensure conformance with terms and conditions
- Parks' Intergovernmental Agreement (IGA) monitoring activities are adequate to ensure conformance with terms and conditions
- Special Use Permits (SUP) are awarded in accordance with policy, and are properly monitored and recorded
- Park facilities are adequately maintained
- Inventory sold at visitor's centers and souvenir shops is administered effectively to ensure that assets are safeguarded

We reviewed three large-dollar concessionaire contracts (Use Management Agreements), three Intergovernmental Agreements, and ten Special Use Permits, all judgmentally selected. We made site visits to Parks' administrative office and one visitor's center to review administration of inventory. We visited five judgmentally selected parks to evaluate maintenance. We also interviewed responsible Parks staff, and obtained and reviewed documentation of statutes, policies, procedures, and transactions.

This audit was performed in accordance with generally accepted government auditing standards.

Issues for Future Audit Work

Due to other audit priorities we did not examine purchasing-card (P-Card) expenditures, grant funding, telecommunication costs, Park Host volunteer program costs, or cash handling procedures. Future audit work should take into consideration the materiality of these activities.

Issue 1 Parks' Fee Structure Should Be Reviewed

Summary

Charging appropriate fees is a key business policy, but Parks has not performed a comprehensive fee study since 2002. As a result, fees may be too low, which could increase Parks' reliance on the general fund unnecessarily. Parks should review their fee structure to determine if increases are needed to keep pace with inflation and operating costs.

User Fee Revenue

User fees are a critical component of Parks' goal of becoming non-reliant upon the general fund by 2009. Entrance, campground, and other user fees totaled \$3.3 million in FY 2006, or 60 percent of Parks' total revenue. However, fee revenue may not be increasing as quickly as it could because Parks' fee structure has not been routinely reviewed and updated. The last formal fee study was performed in February 2002. Actual user fee revenue from FY 2004 to FY 2006 is shown below.

	FY04	FY05	FY06
Entrance and Campground Reservation Fees, and other user fees	\$2,854,770	\$3,199,980	\$3,302,088

Source: Advantage financial data

Parks' adopted budget for FY 2007 contains a line-item for a one-time increase for a fee study consultant. According to Parks, a formal fee study is to be conducted in FY 2007 in conjunction with the system-wide master plan that is being prepared.

Recommendation

Parks should review their fee structure to determine if increases are needed to keep pace with inflation and operating costs.

Issue 2 Contract Monitoring Has Improved; Further Progress is Needed

Summary

Parks has strengthened contract monitoring since prior audits. However, improvements still are needed to ensure conformance with payment provisions and insurance requirements. We estimate potential uncollected revenue up to \$20,400 due to unverified balloon payments and unassessed late fees and interest. Ineffective contract monitoring can foster noncompliance with terms and conditions and result in lost revenue and/or litigation. Parks should document contract monitoring policies and procedures and provide additional training to all staff involved in contract administration.

Concessionaire Monitoring

Parks has Use Management Agreements with twenty concessionaires to provide services throughout the park system. The concessionaires operate various amenities, including golfing, a water park, batting cages, horseback riding, kart racing, and baseball fields. We selected three concessionaire agreements for testing based on total revenue generated from FY 2004 to FY 2006. We found that concessionaire contract monitoring has improved since the last two internal audits; however, additional improvements can be made, as shown below.

- Parks has not finalized the draft concessionaire monitoring policies and procedures we obtained during the FY 2001 audit
- Parks relies on the concessionaires to calculate annual balloon payments. These payments are not properly verified by Park staff. For one concessionaire, we found that monthly sales reports did not agree with the financial statements used to calculate balloon payments. Gross sales reflected in the monthly reports were higher than sales reflected in the unaudited financial statements. An explanation could not be provided. If the monthly sales reports are accurate, the balloon payments received in FY 2004 and FY 2005 were short by a total of nearly \$19,000.
- One concessionaire sent in three late water payments without being assessed the 10 percent late payment fee (\$1,400 plus interest), as specified in the contract
- The Certificates of Insurance for all three concessionaires reviewed named the County as an additional insured and provided current coverage. However, two of three did not have adequate insurance coverage to comply with the agreements. One reflected \$2 million in general aggregate coverage vs. \$5 million required, and the other reflected \$2 million in coverage vs. the \$3 million required. Inadequate insurance coverage exposes the County to increased risk and potential liability, especially when the concessionaire's activity can lead to serious public injury.

Special Use Permit Monitoring

We reviewed contract monitoring adequacy for ten Special Use Permits (SUP) issued at Lake Pleasant Regional Park and Estrella Mountain Regional Park during FY 2005 and FY 2006. We judgmentally selected permits from these two parks because they generated seventy percent of FY 2006 SUP revenue. Based upon our review, we determined that:

- Contract provisions are not always enforced and are sometimes ambiguous
- No system is in place to monitor SUP financial and reporting requirements
- Insurance policies were below the required limits, expired, and/or did not list the County as an additional insured

Internal control weaknesses identified were acknowledged to exist at the other parks by the Westside park superintendent. Inconsistent and ineffective SUP administration may result in lost revenue to the County, as shown below.

We found that Parks' staff agreed to reduce the amount owed for the reservation and/or usage of Estrella's two ball fields by a local baseball league, from \$10,500 to \$4,000—a reduction of 62 percent. The ball fields were reserved each weekend from February through November 2006. Advance payment was required under the terms of the SUP, but this condition was not enforced and no mechanism was in place to document actual usage by the league. As a result, Parks' staff allowed the reduction when the league claimed that the ball fields were not used on nearly half of the dates reserved. This action was supported by Parks' management, even though the required advance notice of cancellation was not provided by the league. Additional weaknesses include:

- The approved fee for lighting (\$5 per hour per field) was omitted from the SUP, but the permittee was aware of and agreed to pay this fee, according to Parks. However, no charges for lighting were assessed from February through November 2006, because usage could not be determined.
- The SUP states, "If permittee provides dirt for fields, Parks will value it towards Ball field reservation." We were originally told that the league was disputing the amount owed because they provided dirt for the fields, and according to Parks, they "probably" had. However, no system was in place to monitor this, and the SUP is silent as to how the value is to be determined.

The Certificates of Insurance for two of the ten SUPs reviewed were below required limits (i.e., reflected \$1 million in general aggregate vs. \$2 million required); two reflected dates that had expired, and one did not list the County as an additional insured. Inadequate insurance coverage exposes the County to increased risk and potential liability.

Intergovernmental Agreement Monitoring

A basic requirement for effective contract monitoring is to have an accurate and complete record of all agreements. The initial list of IGAs provided by Parks showed six IGAs. We compared this list to Clerk of the Board records and identified additional IGAs. At our request, Parks submitted a revised list which reflected 27 IGAs. We also noted that written policies and procedures for IGA monitoring have not been developed.

From the list provided by Parks, we used our judgment to select three IGAs to review for compliance with payment terms and conditions. While all three were in compliance with payment terms and conditions, it was noted that Parks staff incorrectly coded \$64,706 in IGA revenue as “Miscellaneous Revenue” during the period of August 2002 to February 2006. Miscoded revenue can compromise the integrity of budget reports and financial statements.

Recommendations

Parks’ management should:

- A.** Verify all balloon payment calculations by reconciling payment amounts to monthly sales reports and annual financial statements, where applicable. Balloon payments received in prior years should be reviewed, to the extent feasible, for potential underpayments. Prospectively, Parks should validate all balloon payments upon receipt to ensure the amounts are accurate. In addition, late fees and interest should be collected in accordance with contract provisions.
- B.** Develop written concessionaire, IGA, and SUP monitoring procedures, to include verification of all payment calculations to ensure accuracy, compliance with insurance requirements, and assessing and collecting late fees and interest.
- C.** Provide additional training to all staff involved in monitoring concessionaire contracts, IGAs, and SUPs.

Issue 3 Most Parks are Adequately Maintained

Summary

Parks has an obligation to ensure that park facilities are well maintained and safe. Four of the five parks visited appeared to be adequately maintained. However, Estrella Mountain Regional Park did not. Lack of adequate maintenance could result in unsanitary and unsafe conditions not being identified and corrected in a timely manner, creating a potential liability for the County. Additionally, park visitor satisfaction could be negatively impacted and lead to a reduction in park attendance and related fee revenue. Parks should establish standard criteria for minimum maintenance requirements for all parks and conduct surprise visits. Maintenance crews should be appropriately supervised.

Four of Five Parks Visited Appear Adequately Maintained

The purpose of the Park Support Program is to provide well maintained and safe facilities for park users so they can appreciate and enjoy the natural environment. We visited five parks to evaluate how well maintained the facilities were. Four of five parks visited were adequately maintained.

Our onsite visits to McDowell Mountain, Utery Mountain, White Tank Mountain, and Lake Pleasant Regional Parks revealed that although there were some deficiencies, such as old paint, overall the parks appeared to be adequately maintained.



McDowell Mountain Regional Park



White Tank Mountain Regional Park



Lake Pleasant Regional Park



Lake Pleasant Regional Park

Routine maintenance for the Maricopa County Parks is handled at the park level. Each park supervisor is responsible for developing his or her own maintenance policies and procedures. At most parks this is handled very informally. Currently, there are no standard maintenance policies and procedures to set forth minimum standards for maintenance operations. While some park supervisors have established a written maintenance schedule, others have not.



Estrella Mountain Regional Park
(Dead Tree)



Estrella Mountain Regional Park
(Uncut grass and weeds)

During our visits to Estrella Mountain Regional Park, we found that:

- Restroom facilities were very unclean
- Dead trees and shrubs littered the picnic area
- Trash was scattered around the playground and other areas of the park
- 75 percent of the trashcans located around the park had not been emptied
- Picnic tables were dirty and debris was attracting flies
- Fresh paint was needed in the bathrooms

- The grass was being cut during our visit, however, it appeared that it had not been cut in a very long time, as the grass and weeds were nearly a foot tall.

Poor conditions at Estrella may be attributed to lack of proper supervision, as the park supervisor position at Estrella was vacant for over a year. An interim park supervisor was assigned in 12/06. Additionally, standard policies and procedures are not in place to ensure the parks are properly maintained. These conditions severely impact the safety and attractiveness of the parks for visitors. Lack of adequate maintenance could result in unsanitary and unsafe conditions not being identified and corrected in a timely manner, creating a potential liability for the County. Additionally, park visitor satisfaction could be negatively impacted and lead to reduced park attendance and related fee revenue.

NOTE: It is noted that Estrella Mountain Regional Park was hit by a microburst storm on August 13, 2006, and that almost \$62,000 worth of tree and building damage occurred. Tree removal was conducted on or about October 31, 2006. Our site visits were on September 20 and 25, 2006.

It is also noted that a Visitor Satisfaction survey conducted by Arizona State University and was released in January 2007. In that survey, Estrella Mountain Regional Park, received high marks in overall visitor satisfaction and park quality.

Recommendations

Parks' management should:

- A. Establish standard criteria for minimum maintenance requirements for all parks and conduct surprise visits.
- B. Ensure proper supervision of maintenance crews and other staff.

Issue 4 Accurate Performance Measures

Summary

We examined two Managing for Results key results performance measures and concluded that collection procedures are reliable and key results are accurately reported.

Results Summary Table

Maricopa County Parks and Recreation Department Performance Measures Summary Table	Certified	Certified with Qualifications	Not Certified
1. Satisfaction rate of all park users	✓		
2. % of park user satisfaction with current facilities	✓		

County Policy Requirements

The Maricopa County Board of Supervisors Policy B6001 (4.D Evaluating Results) requires that we review County departments' strategic plans and performance measures and report on results. The following information defines the results categories used in the certification process.

Definitions

Certified: The reported performance measurement is accurate (+/- five percent) and adequate procedures are in place for collecting/reporting performance data.

Certified with Qualifications: The reported performance measurement is accurate (+/- five percent), but adequate procedures are not in place for collecting and reporting performance data.

Not Certified:

- 1) Actual performance is not within five percent of reported performance and/or the error rate of tested documents is greater than five percent.
- 2) Actual performance measurement data could not be verified due to inadequate procedures or insufficient documentation. This rating is used when there is a deviation from the department's definition that prevents us from accurately determining the performance measure result.

- 3) Actual performance measurement data was accurately calculated but not consistently posted to the public database.

Measure Testing

Key Measure #1: Satisfaction rate of all park users

Results: Certified

Measure #1	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	--	--	Awaiting results of visitor survey due this fall				
Actual	--	--					

The most recent source data used for reporting is an ASU survey conducted in 2003. This data was reviewed previously and found to be accurate. These surveys have historically been conducted every three years, though this was recently changed to a two year cycle. The current survey results are due at any time.

Key Measure #2: Percent of park user satisfaction with current facilities

Results: Certified

Measure #2	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	--	--	Awaiting results of visitor survey due this fall				
Actual							

The most recent source data used for reporting is an ASU survey conducted in 2003, as discussed in the Key Measure #1 results.

Recommendation

None.

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Department Response

January 2007

PARKS & *recreation*



San Tan Mountain Regional Park honors local veterans with Arizona's Fallen Hero Memorial.



Ken Taylor and Bob Ingram are recognized at Pillars of Honor ceremony for their years of service.

Looking back at 2006...

January

- A massive clean-up project was completed at **Adobe Dam Regional Park**. Efforts filled a 40yd roll-off dumpster with debris consisting mainly of waste that had been illegally dumped in the park.
- **Cave Creek Regional Park Go- John Trail** section reroutes and trail improvements were completed.
- **McDowell Mountain Regional Park** hosted the first race in the Mountain Bike Association of Arizona's State Championship series.

February

- Nest watchers began arriving at **Lake Pleasant Regional Park** to check out the new fledges of Bald Eagles.

March

- **Usery Mountain Regional Park** started "Stop Smoking-Start Hiking" hikes and invited a representative from Community Health Promotions to come along to provide an introduction on tobacco education and to hand-out water bottles.

April

- Seventy-eight participants attended the second annual **Lake Pleasant Regional Park** Dam Good Run, Walk and Hike on April 1st. The Lake also hosted their fifth annual Easter Egg Hunt at the Roadrunner Playground on April 16th.
- The event was attended by more than 200 children. S.O.L.I.D. USA, Inc completed installation of the Solar Thermal HVAC system at the **Desert Outdoor Center**. A dedication for the system was hosted on April 18th.
- **Usery Mountain Regional Park** started the month off with a bang by hosting the East Valley Wildland Fire Drill, in which 23 agencies, 250 firefighters, 40 fire trucks, and 3 helicopters practiced as if there was a fire in the park by setting up an incident command post, water dip site, portable tank and drafting site, structure foaming and communication station, and a progressive hose lay and shelter deployment station.

June

- The **Anthem Trailhead** design is complete with an August construction start schedule.
- **Desert Outdoor Center** receives a new boat dock. Local Boy Scouts provide most of the labor.
- A bat gate is installed at **San Tan Mountain Regional Park** to protect bats taking up residence in a mine at the park.

July

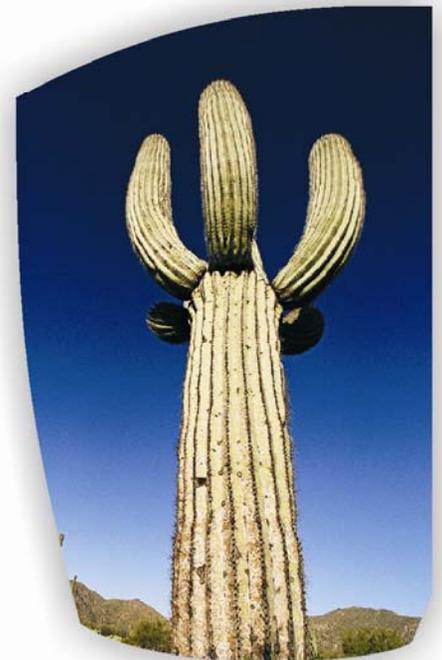
- **McDowell Mountain Regional Park** is notified by Arizona Parks and Recreation (APRA) that the Mountain Bike by Moon Light series has been selected as the Best Sports Program and will receive an award at the Annual APRA Conference.
- The **Lake Pleasant Regional Park** Pleasant Paddlers program was selected by Arizona State Parks to present at the Best of the Best in Recreation Centers and facilities at the 2006 Arizona State Parks and Recreation Conference.
- **Spur Cross Ranch Conservation Area** receives an abundance of press coverage and accolades from guests for the "tasting the desert" interpretive hike.
- Ramada picnic areas and sign kiosks at **White Tank Mountain Regional Park** receive facelifts. New group picnic grills are installed.
- The fencing project is completed on the North Finger section at **San Tan Mountain Regional Park**.

August

- The extension of the Dixie Mine trail to the Pemberton and the creation of a trail connecting the Dixie Mine Trail to the McDowell Sonoran Preserve is completed at **McDowell Mountain Regional Park**.

October

- **Lake Pleasant Regional Park** hosts MS150 Bike Tour. Approximately 900 bikers registered for the event.



November

- The **Friends of San Tan Mountain Regional Park** completed their fall project with the construction of a tortoise habitat area within the Contact Station compound.
- **San Tan Mountain Regional Park** hosts Arizona's Fallen Hero Memorial on Veteran's Day in honor of the military men and women from the State of Arizona who have given their lives in the name of freedom.

December

- Ground is broken at **Spur Cross Ranch Conservation Area** for the Maricopa County Regional Trail System.

COMING & GOING AT PARKS...

The Parks and Recreation Department currently has 82 full-time employees, five temporary employees and eight vacant positions. During 2006, 19 new hires embarked upon careers with the Department. Parks also congratulated and bid farewell to 13 co-workers.

The following employees celebrated milestone anniversaries with the County:

Five years: John Gunn, Joe Ballengee and Lloyd Anderson.

Ten years: Terri Gerber, Sid Gooden, Rand Hubbell and Jennifer Waller.

Fifteen years: Darci Kinsman

Twenty-five years: Ramon Martinez.



Maricopa County
Parks & Recreation Department



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Date: March 23, 2007
To: Ross Tate, County Auditor
Via: David Smith, County Manager
From: William C. Scalzo, Director, Parks & Recreation
Subject: Final Audit Report Response

Thank you for working with us over the past several months to complete the internal review of our park operations. Overall, we were quite pleased to learn that your department finds us to be faithful to our duties and compliant with the laws and statutes that govern our operations.

All in all, we are not displeased with the report and find that the recommendations continue to be the items that all departments struggle with due to lack of resources and manpower to devote to procedural development. We appreciate how cooperative the staff of Internal Audit have been in reviewing our concerns.

We also appreciate your efforts to help us improve the services we provide to the public and the accountability and transparency of government that we seek to achieve for the taxpayer and park user. Your recommendations, together with our most recent Park Visitor Satisfaction Survey and the coming system-wide Master Plan will be used to determine the steps we will take into the future to make Maricopa County Parks & Recreation the best and finest regional park system in the nation.

The results of the 2006 survey indicate 98.3% of our park visitors are either *very* satisfied or *extremely* satisfied overall with their park experience. This confirms our belief that we are continuing to improve and set high goals for ourselves.

Parks is committed to the improvement process and will move forward with these recommendations in mind.

cc: R.J. Cardin, Assistant Director
Central and Chrono F files

wcs/ta

Issue #1: Parks' fee structure should be reviewed.

Recommendation A: Parks should review their fee structure to determine if increases are needed to keep pace with inflation and operating costs.

Response: Concur—In process. This process is underway and will be implemented as a part of the Master Plan study. The Parks Commission has re-formed the fee study sub-committee of the Parks & Recreation Commission as of February 13 and will make immediate recommendations based on the ASU visitor survey on whether an interim fee increase should be presented to the Board of Supervisors in advance of the final study completion. The ASU Visitor study will be conducted more frequently as well, which will assist in this implementation.

Target Completion Date: 6/6/07 – Presentation for adoption of new fee schedule.

Benefits/Costs: Increased revenues to support park enhancement.

Issue #2: Contract monitoring has improved; further progress is needed.

Recommendation A: Verify all balloon payment calculations by reconciling payment amounts to monthly sales reports and annual financial statements, where applicable. Balloon payments received in prior years should be reviewed, to the extent feasible, for potential underpayments. Prospectively, Parks should validate all balloon payments upon receipt to ensure the amounts are accurate. In addition, late fees and interest should be collected in accordance with contract provisions.

Response to underpayment of balloon payments: Concur

- Parks has received the detail from the auditors and will accept the audit findings that better verification could and should be completed; however, Parks does not accept the audit findings at face value to include suggested value of additional payment due Parks. Parks will undertake a detailed internal audit of all revenue producing Concessionaires for Calendar Years 2004, 2005 and 2006, using the definition of Gross Revenue to be "Total sales (-) sales tax (-) discounts (-) refunds (-) allowances" or as stated in the respective Agreement and will invoice as appropriate.
- Emphasis will continue in the area of standardization of reporting and definition through routine contract administration functions.

Response to unassessed late payments: Partially concur

- The Contract Administrator position was vacated on July 1, 2005 and took 3 months to fill. It is not surprising that late payments were not diligently pursued in the absence of trained staff.
- In addition, the language of the agreement may be confusing, both describing 10 days as late, but 30 days as timely; our internal procedures were not to assess late fees until after 30 days past the due date. This will be clarified in upcoming procedure manuals.
- However, to the extent feasible, we will pursue this matter with the Concessionaire in question.

Target Completion Date for review of revenues: September, 2008

Benefits/Costs: Increased control over accuracy and accountability.

Recommendation B: Develop written concessionaire, IGA, and SUP monitoring procedures, to include verification of all payment calculations to ensure accuracy, compliance with insurance requirements, and assessing and collecting late fees and interest.

Response: Partially concur.

In regards to SUP monitoring: Superintendents have begun looking at record keeping options. Part of the solution may relate to the System Master Plan completion and recommendations.

Payments regarding the local league were based on what the client produced for use. Without the league as users, the ball fields at Estrella would rarely be used and little revenue would be received at all. In addition to fees, we receive the entry fee for every person driving into the park to play on the fields. The Payment received by the local League was received in good faith of their use on the fields. In addition, if their permit is to continue, the SUP would be revised to include the light fees also the allowance of dirt on the field will continue to be allowed. There was no dirt provided during the permit life of SUP 06-0008 because management was never notified prior by the league.

Regarding the insurance on the SUP's, since not sure of what permit had only the 1 million instead of 2 million. Have spoken with the Risk Department regarding a SUP at Estrella which had reflected a 1 million for Boy Scouts event and Risk concurred that it could stay at the 1 million. Risk also did provide that when have events in question, they would gladly review to provide us with their recommendations for proper coverage.

In regards to shortage of insurance requirements: Concur

- The discrepancy of the \$2 million vs. \$3 million was identified and has since been corrected. Corrective action is on-going in other instances. Review of remaining agreements indicates that concessionaires meet or exceed required limits.
- The current process has been modified to more effectively ensure minimum coverage and the correct covered items is in place. A copy of the written correspondence pertaining to the new procedure was provided to the auditor and will be incorporated into the final procedure manual for the Contract Administrator.
- To ensure that coverage is adequate for the risk exposure to County, close coordination exists between Parks and Risk Management. In addition, a clause is being inserted into all new contracts that allows, with justification, to adjust levels of coverage without amending the agreement. Older agreements require a formal amendment to the agreement.

Target Completion Date: Review of balloon payments – December 31, 2007
Development of Concessionaire and IGA monitoring procedures – June 30, 2007

Recommendation C: Provide additional training to all staff involved in monitoring concessionaire contracts, IGAs, and SUPs.

Response: Concur. This would occur with the implementation of a tracking system.

Target Completion Date: 12/07

Benefits/Costs: Increased control over accuracy and accountability.

Issue #3: Most parks are adequately maintained.

The Parks & Recreation department still objects to the comments in this section. All of our parks are adequately maintained. Although we cannot disagree with the recommendation.

Estrella Mountain Regional Park, in its most recent survey conducted by ASU, has the highest percentage of repeat visitors of any of the desert mountain parks, only three-tenths behind Lake Pleasant for repeat visitors. It also has the lowest number of miles traveled (to get to the park) of any of our parks with amenities, indicating its frequent use as an urban park setting, rather than a camping/hiking destination. It also has the highest number of people per vehicle entry. In addition, over 89% use the park to picnic or attend a party. The next closest park in this category is White Tank, with only 53.6% usage for this purpose. This has a significant impact on the use of the facility and its maintenance challenges.

However, even though this park does have the lowest satisfaction score of our regional parks, it has still 91.3% of park visitors survey reporting Very Satisfied or Extremely Satisfied with the park and a mere 3.6% reporting slightly satisfied. Not one visitor in all of our parks reported that they were "Not at all Satisfied" with the parks overall. As for quality, not one visitor reported that Estrella had "Very Poor" quality. Again, for quality they received 71.4% reporting "Good to Excellent" quality, with another 25% reporting the quality as "Average." (Table 4.3A) This should equate to a finding of "adequately maintained."

As you noted in your finding, Estrella Mountain Regional Park was hit by a microburst storm on August 13, 2006 and received severe storm damage. Risk Management has a claim PD3004031328 regarding this incident. Almost \$62,000 worth of tree and building damage occurred. Tree removal was conducted on or about October 31, 2006. I am uncertain when the audit visit was conducted at Estrella, but it is likely it was prior to this cleanup.

While we regret the conditions that you encountered on the dates the audit did occur at Estrella, the audit only evaluates the times of the visit not the services throughout the year. Thus as an overall comparison, as mentioned earlier this section, the Visitor Survey which is conducted for one entire year better represents the maintenance services. This audit is using an isolated occurrence of two days of evaluation.

Also, the Estrella Maintenance staff of three is responsible for Buckeye Hills Regional Park another 4,000 acres with garbage cans, picnic sites, and restrooms. For the amount of land they are responsible for, they do a great job. The following e-mail was recently received by Parks regarding Estrella Mountain Regional Park.

From: Chris Bradley - OMBX
Sent: Wednesday, March 07, 2007 5:11 PM
To: Tina Allen - PARKSX; Bill Scalzo - PARKSX
Subject: Estrella Mountain Park

Bill and Tina: In late January, I camped out at Estrella Mountain Park with a group of scouts. I want to let you know that I was very impressed with the quality and cleanliness of the restrooms. I am sure you all hear from people when they have complaints, so I thought

you might appreciate hearing when someone had a good experience.
Thanks, Chris

Recommendation A: Establish standard criteria for minimum maintenance requirements for all parks and conduct surprise visits.

Response: Concur. Parks is currently reviewing maintenance software programs and will be making recommendations for implementation as a result of the system-wide master planning process. In addition, the System Master Plan will establish Level of Service, which includes priorities, zones, cost of service, and standards.

Target Completion Date: 12/07

Benefits/Costs: Increased performance in routine and preventative maintenance.

Recommendation B: Ensure proper supervision of maintenance crews and other staff.

Response: Concur. Effective March 26, 2006 a permanent supervisor has been selected for the park after a seventeen month vacancy.

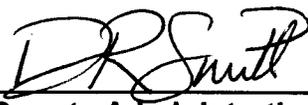
Target Completion Date: Completed

Benefits/Costs:

Issue #4: Accurate Performance Measures.

No Audit recommendations.

Approved By :



County Administrative Officer

3/23/07
Date