

Performance Audit

**ALLEGHENY REGIONAL ASSET DISTRICT
CITY REGIONAL PARK FUNDING**

Report by the
Office of City Controller

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September 2011

September 8, 2011

To the Honorables: Mayor Luke Ravenstahl and
Members of Pittsburgh City Council:

The Office of City Controller is pleased to present this Performance Audit of *Allegheny Regional Asset District (ARAD) City Regional Park Funding* conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter. This audit assesses City compliance with Allegheny Regional Asset District contract requirements and performance in utilizing ARAD funds to maintain its regional park system.

EXECUTIVE SUMMARY

The Allegheny Regional Asset District (ARAD) is a special purpose county-wide unit of local government that was authorized by the Pennsylvania Legislature (Act 77 of 1993). Act 77 provided for the enactment of a 1% county-wide sales tax collected by the State Department of Revenue. Fifty percent (50%) of the revenue goes directly to the County and municipal governments for local tax reduction. The remaining half is sent to ARAD for disbursement to support regional assets, defined as libraries, parks, and cultural amenities. The City's regional parks are among the assets recognized and funded by ARAD.

Public Works Parks Division crews may be called upon to perform jobs outside of park boundaries to assist in snow removal, pothole repair, and other tasks. Public Work Streets Division crews are also called upon to perform jobs within the regional parks as needed for trail repair, storm damage, construction, maintenance and road work. This flexibility is considered vital to the effective management of the Public Works function by department officials.

Findings and Recommendations

ARAD Contract Compliance

The City's current contract with ARAD covers years 2010-2014 at a minimum ARAD contribution of \$3,500,000 per year.

Finding: The City is in compliance with ARAD agreement requirements for grant utilization, reporting and public access and opportunities.

Operating Costs

The ARAD operating funds are applied primarily to salary and salary-related costs because CitiParks programming and Public Works maintenance are labor-intensive operations.

Finding: The City directly supported the regional parks' maintenance and programming with \$769,095 General Fund revenues in 2010 and \$1,928,445 in 2009 and fees. Shelter rental, pool and skating fees generated \$490,211 revenue in 2010 and \$338,708 in 2009.

Finding: The "[Citiparks: Recreation, Aquatic, and Senior Divisions](#)" performance audit of September, 2010, found that City shelter rental fees were in line with those of other municipalities but City swimming and rink admission fees were among the lowest municipal charges in the region.

Recommendation: City Administration should examine its admission rates for aquatics and skating to determine if an increase will help generate added revenues. City Administration should also revisit the concept of Market-Based Revenue Opportunities for the parks as recommended in a 2006 performance audit as a way of helping to reduce the General Fund share.

Reporting Standards

The auditors relied on the ARAD Trust Fund General Ledger of Accounts to determine the movement of ARAD funds.

Finding: CitiParks coordinates its ARAD funding back-up documentation with the Trust Fund account, leaving an excellent paper trail of its activity. Public Works uses its "Foreman Report" figures to record ARAD activity.

Finding: The CitiParks ARAD reports to the Office of Management and Budget (OMB) accurately captured the department's regional park labor and programming costs.

Finding: The "Foreman Report" is better suited for task analysis rather than accounting for salary and other expenses. The foreman reports do not capture all of the ARAD park charges, costs to the street divisions and equipment maintenance or repair expenses.

Recommendation: The Public Works department should prepare a report for OMB dedicated solely to its ARAD activity using park-specific project and site codes.

Recommendation: The Office of Management and Budget must rely on departmental reports for *total costs* incurred in operating the regional park system. To provide a more accurate account of ARAD funds, OMB should tie its quarterly/annual report of ARAD reimbursements to the general ledger rather than to the departmental reports. There

should also be back-up documentation from the departments attached, supporting ARAD expenditures.

Schenley Park Maintenance Testing

Schenley Park, widely used by commuters, outdoor enthusiasts, and visitors who are attracted to draws such as Phipps Conservatory and the Schenley Ice Rink, was examined on the weekends of January 15-16th and 22-23rd, following periods of heavy snowfall and during a spell of sub-freezing temperatures.

Finding: The Schenley Division cleared the park roadways in an effective and timely manner overall.

Finding: The sidewalks were treated in a timely manner, but the frigid temperatures prevented the salt from clearing many of them completely to the bare pavement.

Finding: The walks surrounding Phipps Conservatory and the Schenley Café and Visitors' Center, both open seven days per week, were cleared to bare pavement.

Finding: Entrances to the Schenley Oval and the Panther Hollow trails were not cleared of snow, limiting trail access for its users.

Recommendation: After the roads and walkways are cleared, the Schenley Division should clear the Panther Hollow Trail and the Schenley Oval entrances to allow easier bad weather access for park users.

Finding: During inclement winter weather, several smaller maintenance jobs were left undone over the weekend even though there was still activity in the parks.

Recommendation: It is not cost-effective to man regular weekend winter crews. Public Works should consider adding an as-needed Saturday crew to complete smaller unfinished tasks or assigning smaller jobs to an already scheduled Street Division crew so that the parks are accessible to its winter users even after inclement weather.

Emerald View Park

Finding: The City requested that regional park status be granted to Emerald View Park (EVP) by the ARAD board. The request was approved in February of 2011, with the understanding that this designation would not necessarily translate into additional funding.

Recommendation: The City should help develop a specific long range plan for EVP's development including, participation in ARAD's annual grant process to request capital funding for proposed park projects. The City should also approach the Pittsburgh Parks Conservancy and seek its support in trail management and planning.

Finding: The inclusion of Emerald View Park as a regional asset means that the current ARAD operations and capital funding can be shared with EVP in future budgets.

Recommendation: The City's five-year ARAD plan should be amended to include EVP. A request for additional funding should be made to help support park maintenance, development and programming.

Finding: Allegheny County received a funding boost when its park acreage was increased and the City would like the same result. If ARAD funding is not increased proportionally, each of the four current regional parks would receive a smaller portion of funding than they presently receive, adding to the deficit costs of the regional park system in the City.

Recommendation: Public Works should not commit another dedicated park division to EVP's upkeep without additional ARAD funding; instead, park maintenance should continue to be provided from its Southern Park Division. Citiparks should continue to provide its usual programming to the neighborhood anchor parks that connect EVP.

We are pleased that the Office of Management and Budget and Department of Public Works agrees with our recommendations to increase park revenues and improve ARAD fund use accounting.

Sincerely,

Michael E. Lamb
City Controller

INTRODUCTION

This performance audit of the Allegheny Regional Asset District's (ARAD) funding of the City's regional park system was conducted pursuant to section 404(c) of the Pittsburgh Home Rule Charter. There are no prior performance audits focusing solely on ARAD funding. (The July 2009 "Park Maintenance Program" audit examined upkeep of the City's regional parks.) This audit examines City compliance with Allegheny Regional Asset District contract requirements and performance in utilizing ARAD funds to maintain its regional park system.

OVERVIEW

Allegheny Regional Asset District Funding and Process

The Allegheny Regional Asset District (ARAD) is a special purpose county-wide unit of local government that was authorized by the Pennsylvania Legislature (Act 77 of 1993).

Act 77 provided for the enactment of a 1% county-wide sales tax, collected by the State Department of Revenue under the same guidelines as the state sales tax. Fifty percent (50%) of the revenue goes directly to the County and municipal governments to provide for local tax reduction. The remaining half is sent to ARAD for disbursement and is used to support regional assets, defined as libraries, parks, and cultural amenities.

An appointed ARAD Board of Directors, composed of four persons appointed by the County Chief Executive, two by the Mayor of Pittsburgh and one elected by the six appointees, determine which assets receive funding and the amount of support given. The City's regional parks are among the assets recognized and funded by ARAD.

A regional park is described in the ARAD Act as one consisting of at least 200 acres, or a multi-municipal linear park. Schenley, Frick, Riverview and Highland parks were the City's original qualified regional parks. In addition to these four major parks, the ARAD Board approved the City's request to give Emerald View Park regional status in 2011.

The original four City parks are contractual assets and their support level is guaranteed by contract with ARAD. The pact sets the minimal amount awarded to the parks annually (currently \$3,500,000). Contracts are not automatically renewed; each contract must be reviewed periodically before being renewed with a possibility of being terminated.

The initial contract period was 1995-2004; a second agreement covered 2005-2009, and the current contract is in place for the years 2010-2014. The awarded amount can be increased during the annual ARAD budget request process. The contractual grant is flexible, covering salaries and operating expenses.

The City's ARAD Trust Fund was created in 2005 to improve the accountability of fund transactions, and is also a current contract requirement.

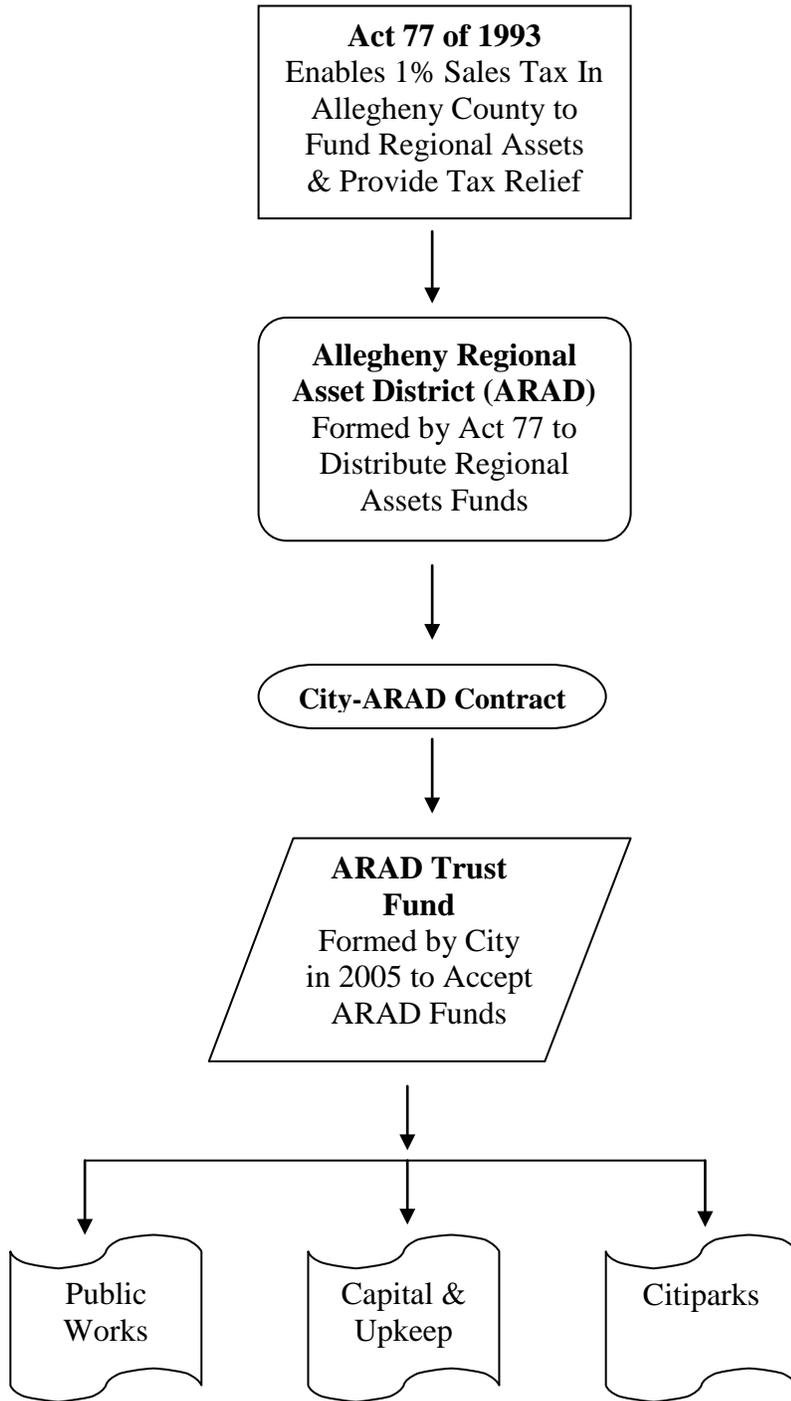
In prior years, the grants had been deposited into the City General Fund, making them more difficult to track. Now charges for the regional City parks by CitiParks and the Department of Public Works are made against the ARAD Trust Fund, and revenues from ARAD are deposited into it.

The Trust Fund balance during the audit period was \$2,084,923 on 1/1/2009 and was \$202,999 as of 12/31/2010.

Act 77 also mandates that 1% of the annual ARAD revenues be made available for capital projects, maintenance and rehabilitation of the City's regional park system. The City accounts for this funding through the Capital Budget.

The City receives its ARAD operating funds monthly. The capital funding is not disbursed as a periodic payment, but is forwarded to the City after the submission of qualified invoices to ARAD for approval. Between the years of 1995-2010, ARAD has provided the City with \$78,734,112 in funding for its regional park system.

CHART # 1: REGIONAL ASSET FUNDING



City Regional Parks

Regional parks, as defined by Act 77 of 1993, are distinguished by their larger size (>200 acres) and multi-municipal usage. They are eligible for funding through the Allegheny Regional Asset District (ARAD).

According to the ARAD website, municipal and county regional parks are the second largest individual category, capturing 28% of the funds allocated by the District.

The City's regional park system consists of 1,949 acres of land. The parks were created in the late 19th and early 20th centuries to provide open green spaces for the City, and have remained popular ever since, drawing an estimated 5,000,000 visitors in 2010.

In addition to providing recreational opportunities, a Carnegie Mellon Heinz College of Public Policy and Management study ("Measuring the Economic Impact of Green Space in Pittsburgh", May, 2010) determined that "the existence of large parks increases the value of properties located within a close proximity in Pittsburgh," so they also provide an economic benefit to the community.

Frick Park, the largest of the four regional parks, opened in 1927 and has 561 total acres. The original 151 acres were donated to the city by Henry Clay Frick. Frick Park is the only City Park with an endowment Trust Fund dedicated to its upkeep.

Schenley Park, with 456 acres, is the second largest regional park. The park was created in 1889 with land donated by Mary Schenley. The most active (1,750,000 visitors in 2010) and urbanized park in the City, Schenley is also heavily traveled as a commuter route for motorists to and from Oakland and Squirrel Hill/Greenfield.

Highland Park, the next largest regional park at 388 acres, was established by ordinance in 1889. The incremental purchase of lots gradually increased the size of the park. Its most noted feature is The Pittsburgh Zoo & PPG Aquarium, which is supported separately by the ARAD (see Table #1, page five).

Riverview Park, currently the smallest and hilliest City regional park at 287 acres, was created by Allegheny City in 1894. When the City of Pittsburgh annexed Allegheny City in 1907, Riverview joined the Pittsburgh parks system.

In 2010, the City of Pittsburgh submitted a revised Long Range Plan to the ARAD Board, including a request for Emerald View Park in Mt. Washington to be recognized as a regional asset. On February 22, 2011, the ARAD Board voted to approve the revised Long Range Plan, thereby recognizing Emerald View Park as the City's fifth regional park. At 257 acres, Emerald View Park is the City's smallest regional park.

Regional Park Staffing and Budgeting

Public Works uses 65 full-time employees who are stationed in the four original regional parks, including a five man construction crew.

The Public Works Park Division crews may be called upon to perform jobs outside of park boundaries to assist in snow removal, pothole repair, and other tasks. Public Work Street Division crews are also called upon to perform jobs within the regional parks as needed for trail repair, storm damage, construction, maintenance and road work.

This flexibility is considered vital to the effective management of the Public Works function by department officials.

The CitiParks regional asset staffing is based largely on seasonal operations and includes 6 full-time employees, 31 part-time employees, and 65 seasonal pool, rink, and recreational program workers.

Other ARAD-Supported Regional Facilities in the City

ARAD also supports other regional recreational facilities located in the City. The Pittsburgh Zoo & Aquarium, the National Aviary in Pittsburgh and Phipps Conservatory & Botanical Gardens, all formerly City owned-and-operated facilities now managed by private non-profit groups, are contractual partners with ARAD.

By the end of 2010, those three regional facilities had received over \$111 million in funding from ARAD.

Table #1: Other Pittsburgh ARAD Supported Facilities:

TABLE 1
PGH REGIONAL ASSETS
SUPPORTED BY ARAD 2009-10

Regional Asset	2010	2009	Total
Pittsburgh Zoo & PPG Aquarium	\$3,191,565	\$3,273,400	\$6,464,965
Phipps Conservatory	\$2,027,610	\$2,079,600	\$4,107,210
Pittsburgh Aviary	\$1,031,355	\$1,057,800	\$2,089,155
Totals	\$6,250,530	\$6,410,800	\$12,661,330

Source: 2009-2010 ARAD Final Budgets

These facilities have been supported by ARAD funding since the Asset District's inception. Pittsburgh's regional assets have performed solidly during that span, and the dedicated ARAD revenue stream has been a key component of their success. Selected Pittsburgh regional asset statistics from 1994-2008 are:

- Attendance is up by 80% at the Pittsburgh Zoo, 125% at Phipps Conservatory and 38% at the National Aviary.
- Earned income has increased by 236% at the Pittsburgh Zoo, 463% at Phipps Conservatory and 328% at the National Aviary.
- Major capital improvements have been made to all three facilities.

Pittsburgh Parks Conservancy

In addition to ARAD funding, the Pittsburgh Parks Conservatory (PPC), founded in 1996, has raised nearly \$50 million for capital improvements in the city's original four regional parks.

Its major projects include the restoration of the Reynolds Street Gatehouse entrance to Frick Park, the rehab of the Schenley Park Café and Visitor Center (which they manage), Schenley Plaza, and improvements to the Phipps Run stream and watershed.

The group led the restoration of the Riverview Park Chapel Shelter and the Babbling Brook, rain garden, and entry garden projects at Highland Park. In 2010, work was done on signage in the original regional parks, and major trail projects were undertaken at Schenley, Frick and Highland parks. The PPC also manages the Schenley Park Café and Schenley Plaza.

METHODOLOGY

The auditors interviewed the Executive Director and the Assistant Executive Director of the Allegheny Regional Asset District, the Assistant Director and Regional Asset District Budget Analysts of the Office of Management and Budget, the Director and Deputy Director of Public Works, and the Director and Fiscal Supervisor of CitiParks.

Information regarding Emerald View Park was obtained from the Mt. Washington Community Development Corporation's Director of Park Development & Conservation.

Schenley Park was physically observed and examined for its wintertime maintenance during the weekends of January 15th-16th and 22nd-23rd, 2011.

Financial reports and operating/capital budget presentations to the Allegheny County Regional Asset Board, various reports prepared by the Office of Management and Budget, internal CitiParks financial reports, the Controller's Trail Balance ledgers of 2009-10 and general ledger transactions of the City's ARAD Trust Fund were examined.

The auditors examined the information and data presented on the ARAD website, the City's budget documents, Public Work's foreman reports, CMU study "Measuring the Economic Impact of Green Space in Pittsburgh", May, 2010, and the City Controller's performance audits "Parks Maintenance Program" issued in July, 2009, and "Citiparks: Recreation, Aquatic, and Senior Divisions" released in September, 2010.

SCOPE

The audit scope is limited to the years 2009 and 2010.

OBJECTIVES

1. To assess City compliance with the contractual requirements of the Allegheny Regional Asset District (ARAD) agreement.
2. To examine the use of ARAD funds by the City.
3. To assess the maintenance of City regional parks.
4. To assess Emerald View Park's regional park status.
5. To make recommendations for improvement.

FINDINGS AND RECOMMENDATIONS

Allegheny Regional Asset District Contractual Compliance

The City's current agreement with ARAD covers years from 2010-2014 and sets the minimum annual ARAD contribution level at \$3,500,000. Although the agreement is multi-year, the City is required to present an annual budget submission, or fiscal plan, for the upcoming year to ARAD.

The contractual obligations (terms are quote marked) of the City are:

Utilization of Grant – “Grants made pursuant to this Agreement shall be utilized by the Regional Asset for the purposes and in accordance with the annual budget submission of the Regional Asset, as submitted to the District. Interest earned on grant proceeds will be used for the same purpose for which the grant was awarded. The Regional Asset further agrees that operating grants will be accounted for in separate special project and/or trust fund accounts. Expenses for authorized purposes may be made directly from those accounts or transferred to general funds based on detailed invoices. Indirect costs may be charged against the grant provided they are based on a current indirect cost analysis specific to the operation of the regional parks. Indirect costs charged to the District grant may not exceed 30% of the total grant in any year.”

Finding: The City's regional park expenditures generally followed the City's budget submissions to ARAD for fiscal years 2009-10. Any changes or modifications to the five-year plan are presented to ARAD for approval during the annual budget process.

Finding: The ARAD Trust Fund was established by the City in 2005 to account for regional asset funding. Prior to that time, the ARAD funds were mixed into the General Fund (as is still done by Allegheny County) and were difficult to track.

Finding: Indirect costs do not exceed the 30% contractual cap, as determined by the ARAD Trust Fund reimbursement categories.

Public Participation – “The Regional Asset shall provide access and opportunities for all persons, including persons of minority, economically disadvantaged communities and persons with disabilities to participate in the activities of the Regional Asset including purchases and contracts and shall report its efforts in this area to the District annually.”

Finding: The City's regional park recreational programs are freely available to all users, and several outreach programs are in place to serve disadvantaged populations. The programs' attendance is reported annually to ARAD.

Finding: Park policies and programming are designed to be inclusive for those with physical handicaps, and all new construction or major renovations include an ADA component as per City of Pittsburgh policy.

Finding: The Equal Opportunity Review Commission works with the Minority Business Enterprise/Women Business Enterprise (MBE/WBE) to provide fair contracting opportunities for any potential vendor that would bid on regional park work in the City.

Finding: City contracts contain boiler plate language that includes anti-discrimination and sweatshop clauses, along with a WBE Commitment/Solicitation report.

Financial Report – “The Regional Asset agrees to submit quarterly financial reports to the District...”

Finding: The Office of Management and Budget submits quarterly reports to ARAD of financial data provided by the Parks and Public Works Departments.

Annual Report – “The Regional Asset shall submit an Annual Report to the District no later than June 1 of each year regarding the prior year's operation and activities.”

Finding: The Office of City Controller submits the Comprehensive Annual Financial Report (CAFR), issued annually in May, to ARAD.

Audits – “A comprehensive financial audit will be performed annually at the expense of the Regional Asset by an independent certified public accountant and a copy of the audit will be submitted to the District as a part of the annual report. In the event that the Regional Asset is a government entity and has an independently elected controller, the audit of the controller may substitute for the audit by an independent certified public accountant.”

Finding: The City Controller submits an annual letter verifying budgetary compliance based on in-house reports which ARAD accepts in lieu of an audit. The ARAD Trust activity is shown in the annual Budget document and in the CAFR as part of “Other Governmental Funds, Civic and Cultural.” Both sources are publicly available on-line at the City website.

Finding: The City is in compliance with the terms of the ARAD agreement.

ARAD Operating Revenue

The City is guaranteed \$3,500,000 each year of the current contract period but the actual amount received is dependent on the amount of sales tax revenue generated in Allegheny County. The following tables show the amount of funding provided by ARAD during the audit period and its departmental allotment by the City.

Table #2: ARAD Grant Disbursements 2010 by Department

TABLE 2

ARAD FUNDING 2010			
Month	DPW	CitiParks	Total
January	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
February	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
March	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
April	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
May	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
June	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
July	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
August	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
September	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
October	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
November	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
December	\$ 301,711.20	\$ 129,304.80	\$ 431,016.00
Total 2010	\$ 3,291,397.20	\$ 1,410,598.80	\$ 4,701,996.00

Figures taken from the City's 2010 ARAD Trust Fund General Ledger of Accounts

Table #3: ARAD Grant Disbursements 2009 by Department

TABLE 3

ARAD FUNDING 2009			
Month	DPW	CitiParks	Total
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May	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
June	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
July	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
August	\$ 246,855.00	\$ 105,795.00	\$ 352,650.00
September	\$ 329,140.00	\$ 141,060.00	\$ 470,200.00
October	\$ 329,140.00	\$ 141,060.00	\$ 470,200.00
November	\$ 329,140.00	\$ 141,060.00	\$ 470,200.00
December	\$ 329,140.00	\$ 141,060.00	\$ 470,200.00
Total 2009	\$ 3,291,400.00	\$ 1,410,600.00	\$ 4,702,000.00

Figures taken from the City's 2010 ARAD Trust Fund General Ledger of Accounts

ARAD's fiscal year runs from July to June. The ARAD board prefers to front load the monthly contractual payments, so the payment amounts are usually larger during the first half of ARAD's fiscal year (July-December). As the above charts show, the operating revenues are split approximately 70/30 between Public Works and CitiParks.

Additionally, activity revenues raised by the regional parks are dedicated to the parks' support, although these monies are recorded in the general fund rather than in the ARAD trust fund.

Incidental revenues are generated by Frick Park Nature Center fees, pool fees in Schenley, Riverview and Highland Parks, Schenley Park Skating Rink fees, and picnic grove permit fees for all the regional parks. In 2010, the City earned \$490,211 in regional park fees and \$338,708 in 2009 to supplement the ARAD grant.

Operating Costs

The ARAD operating funds are applied primarily to salary and salary-related costs, as CitiParks programming and Public Works maintenance are labor-intensive operations (see Chart #2 on page 14). The reimbursed ARAD costs for 2009-10 by department and category are as follows:

Table #4: 2010 Charged ARAD Costs by Department

TABLE 4

Department	Salaries	Overtime	Benefits	Supplies	Utilities	Total
DPW - 1Q	\$ 445,864	\$ 95,698		\$ 95,410	\$ 29,303	\$ 666,275
DPW - 2Q	\$ 491,149	\$ 36,471		\$ 196,905	\$ 36,117	\$ 760,641
DPW - 3Q	\$ 598,133	\$ 25,638	\$ 231,734	\$ 292,128	\$ 25,377	\$ 1,173,010
DPW - 4Q	\$ 591,624	\$ 30,753	\$ 320,263	\$ 448,547	\$ 24,544	\$ 1,415,732
DPW - 2010	\$2,126,770	\$ 188,560	\$ 551,997	\$ 1,032,990	\$ 115,342	\$ 4,015,658
Citiparks - 1Q	\$ 100,464	\$ 19,868		\$ 227,169	\$ 37,790	\$ 385,291
Citiparks - 2Q	\$ 80,356	\$ 6,660		\$ 140,678	\$ 45,418	\$ 273,111
Citiparks - 3Q	\$ 246,132	\$ 33,370		\$ 313,946	\$ 17,053	\$ 610,501
Citiparks - 4Q	\$ 110,924	\$ 13,072	\$ 6,499	\$ 103,835	\$ 27,428	\$ 261,757
Citiparks - 2010	\$ 537,876	\$ 72,969	\$ 6,499	\$ 785,627	\$ 127,689	\$ 1,530,660
Total 2010	\$2,664,646	\$ 261,529	\$ 558,496	\$ 1,818,617	\$ 243,031	\$ 5,546,318

Figures from the City's 2010 ARAD Trust Fund General Ledger of Accounts

Table #5: 2009 Charged ARAD Costs by Department

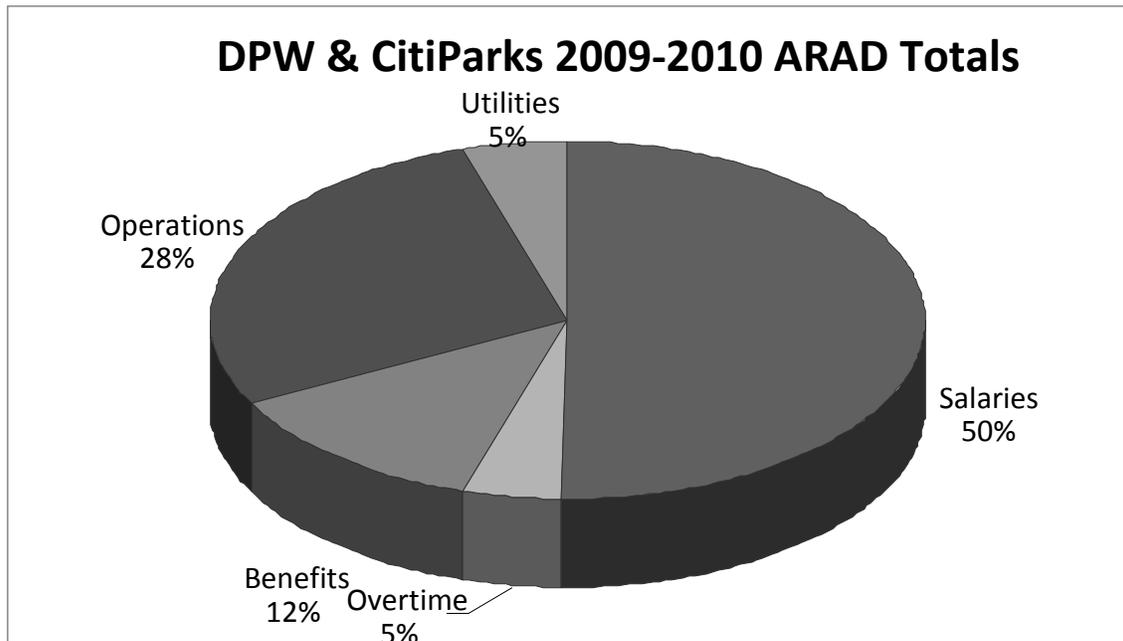
TABLE 5

Department	Salaries	Overtime	Benefits	Supplies	Utilities	Total
DPW - 1Q	\$ 528,153	\$ 39,879		\$ 187,567	\$ 22,679	\$ 778,278
DPW - 2Q	\$ 458,199	\$ 36,784		\$ 160,119	\$ 44,209	\$ 699,310
DPW - 3Q	\$ 522,171	\$ 44,891	\$ 4,838	\$ 118,155	\$ 19,595	\$ 709,650
DPW - 4Q	\$ 484,392	\$ 35,208	\$ 600,521	\$ 110,016	\$ 23,614	\$ 1,253,751
DPW - 2009	\$ 1,992,915	\$ 156,763	\$ 605,359	\$ 575,856	\$ 110,096	\$ 3,440,989
Citiparks - 2009						
Citiparks - 1Q	\$ 94,958	\$ 17,731		\$ 58,950	\$ 38,755	\$ 210,394
Citiparks - 2Q	\$ 68,922	\$ 8,541		\$ 66,032	\$ 56,421	\$ 199,915
Citiparks - 3Q	\$ 223,654	\$ 24,209		\$ 144,885	\$ 20,942	\$ 413,690
Citiparks - 4Q	\$ 98,828	\$ 10,309	\$ 100,000	\$ 213,151	\$ 23,082	\$ 445,370
Citiparks - 2009	\$ 486,361	\$ 60,789	\$ 100,000	\$ 483,018	\$ 139,200	\$ 1,269,369
Total 2009	\$ 2,479,276	\$ 217,552	\$ 705,359	\$ 1,058,874	\$ 249,296	\$ 4,710,358

Figures from the City's 2009 ARAD Trust Fund General Ledger of Accounts

As the tables above show, two-thirds of the expenses go toward personnel costs, awhile the remainder of the expenditures go into supplies, equipment and utilities.

Chart #2: Operating Costs by Category 2009-2010



Percentages calculated from the City's 2009-10 ARAD Trust Fund General Ledger of Accounts

The following table shows the revenues that support the City’s regional assets through ARAD grants and fee collections, and the costs of programming and upkeep:

Table #6: Cost Over Revenue for the City’s Regional Parks 2009-10

TABLE 6

Regional Park Expenses 2009-10		
	2010 Expenses	2009 Expenses
CitiParks	\$ 2,282,354	\$ 2,526,702
Public Works	\$ 4,123,373	\$ 4,471,393
Total	\$ 6,405,727	\$ 6,998,095
Regional Park Revenues 2009-10		
	2010 Revenue	2009 Revenue
Regional Park Fees	\$ 490,211	\$ 338,708
ARAD Trust (includes reserves)	\$ 5,146,421	\$ 4,730,942
Total	\$ 5,636,632	\$ 5,069,650
COST OVER REVENUES:	\$ 769,095	\$ 1,928,445

Fees & expenses taken from OMB reports; ARAD figures taken from the City’s General Ledger of Accounts

Finding: In addition to the various park fees and ARAD grant, the City directly supported the regional parks’ maintenance and programming with \$769,095 in General Fund revenues for 2010 and \$1,928,445 for 2009.

Finding: The “Citiparks: Recreation, Aquatic, and Senior Divisions” performance audit of September, 2010, found that the City’s shelter rental fees are in line with those of other municipalities. CitiParks is using the Skating Rink as a summer miniature golf course in an effort to increase park-related revenues. However, swimming and rink admission fees were found to be among the lowest municipal charges in the region.

RECOMMENDATION NO. 1:

The City should examine its admission rates for aquatics and skating to determine if an increase will help generate added revenues. The City Administration should also revisit the concept of Market-Based Revenue Opportunities for the parks as recommended in a 2006 performance audit as a way of helping to reduce the General Fund share.

Reporting Standards

The auditors relied on the ARAD Trust Fund General Ledger of Accounts to determine the movement of ARAD funds. The Trust Fund is specifically designed to account for ARAD grant funds. Transactions within the Trust Fund are identified by specific account categories so that the nature of the activity can be identified.

Finding: CitiParks coordinates its ARAD funding back-up documentation with the Trust Fund account, leaving a transparent paper trail of its activity. Public Works uses its “Foreman Report” figures to record ARAD activity.

Finding: The auditors found the “Foreman Report” to be better suited for task analysis rather than an accounting of salary and other expenses. The report allocates expenses by formula, and the formula understates labor costs and overstates indirect costs.

Also, this report is not universally used within the department as street division crews do not report their activity by park site. As a result, Foreman Reports do not capture all the regional park work activity, just that of the Park divisions.

Both departments forward their ARAD expense reports to the Office of Management and Budget (OMB) which uses the figures to prepare its quarterly ARAD reports.

Finding: The CitiParks ARAD reports to the OMB were found to be accurately stated. However, the Public Works “Foreman Reports” are intended for internal task management review more so than for accounting purposes. For example, the foreman reports do not capture all of the park division charges, costs to the street divisions, equipment maintenance or repair expenses.

Finding: Based on the OMB total expense reports and interviews with Public Works management, the auditors determined that the overall Public Work expenses are materially correct in total.

Finding: The Park Division crews in the Public Works Department are not solely dedicated to regional park projects, and the Street Divisions crews perform tasks within the parks.

RECOMMENDATION NO. 2:

The Public Works department should prepare a report dedicated solely to its ARAD activity for the OMB reports using park-specific project and site codes.

RECOMMENDATION NO.3:

The Office of Management and Budget must rely on departmental reports for *total costs* incurred in operating the regional park system. In order to provide a more accurate account of ARAD funds, OMB should tie its quarterly/annual report of ARAD reimbursements to the general ledger rather than to the departmental reports. In addition, there should also be back-up documentation from the departments attached, supporting ARAD expenditures.

Capital Spending

Act 77 requires that the ARAD board provide the City 1% of its annual allotted revenues for capital maintenance. The City's capital funding share was \$787,671 in 2009 and \$810,113 in 2010. Pittsburgh presents its five-year capital program proposal to ARAD at the start of every contract period.

Capital money is distributed after project approval by ARAD; invoices are generally sent in bulk by the City for reimbursement.

The City has committed the funding to general maintenance and upkeep projects such as wall replacement and street/sidewalk repairs, along with the rehab of older park structures and the building of new ones. ARAD money has also been used in the past to help construct the Schenley Park Sportsplex, replace flooring in the Schenley Ice Rink Lodge, and building a new Public Work shed on Boundary Street.

The ARAD-funded projects to be undertaken are determined annually in conference between Public Works and CitiParks managers; the projects then are presented to ARAD by the OMB analysts.

The ARAD capital improvement disbursement for the audit period of 2009-10 was not invoiced. According to the Office of Management and Budget, the ARAD Board granted the City an extension so that the revenue could be set aside primarily to help fund the proposed Riverview Park Recreational Center.

It should be noted that the City has invoiced ARAD for capital expenses during 2009-10. Those costs were charged against the remaining balances of prior fiscal years and so were not examined as part of the audit scope.

Approximately \$2,300,000 in 2008-2010 funds has been approved for extension. An estimated \$1,700,000 of that amount will be used on the Riverview Park project. The remainder is earmarked for continued wall, step, fence, and sidewalk repairs and other general maintenance items. Capital funds are also provided by the City, which budgets \$300,000 annually for general regional park capital maintenance projects.

The City spent \$259,591.83 from budget year (BY) 2010 funds and \$298,533.10 from BY 2009 funds out of the Public Works Capital Project account, allowing the ARAD portion of park maintenance to be reserved for the Riverview Park project.

Including funds carried over from budget years prior to 2009-10, overall regional park maintenance expenses were \$950,546.03 in 2010 and \$602,519.81 in 2009. The regional asset capital funding is shown in the annual Capital Budget document, under Public Works line item “Pgh. Parks Reconstruction,” Project Account # 2245000.

Schenley Park Maintenance Testing

Schenley Park, widely used by commuters, outdoor enthusiasts, and visitors who are attracted to draws such as Phipps Conservatory and the Schenley Ice Rink, was examined on the weekends of January 15-16th and 22-23rd, following periods of heavy snowfall and during a spell of sub-freezing temperatures.

Despite the snow and cold, the park was active both weekends with events at the Schenley Ice Rink and Phipps Conservatory along with the usual array of families, dog walkers, joggers, cross-country skiers, skaters and sled riders.

The purpose of the visit was to determine if the Schenley Park Division of the Public Work’s department was maintaining the park in an effective and timely manner under inclement weather conditions. (The auditors relied on the July, 2009 Performance Audit “Parks Maintenance Program” which examined the regional parks’ warm-weather upkeep and found the care and condition of regional park grounds and facilities to be good.)

Schenley Park Entrances, Streets, and Walks

The Panther Hollow, Beechwood Boulevard, and Anderson Street bridge decks were clear of snow. The main commuter routes, Panther Hollow Road (the Boulevard of the Allies extension) and Schenley Drive, were also clear to the pavement.

The driving lanes of East Circuit Road, Serpentine Drive, and Overlook Drive were cleared, but parking along these streets was limited by snow patches and drifts. The snow removal process was hindered by cars already parked along these streets while the City crews were trying to clear them, preventing them from plowing curb-to-curb.

Finding: The Schenley Division cleared the park roadways in an effective and timely manner overall.

The sidewalks had all been treated with a snow blower and salt, with mixed results. They were in passable condition, but in many instances packed or slushy snow

remained. The salt did not melt the snow because of the low temperatures, especially on the walks that do not receive direct sunlight.

Schenley Plaza was also examined. Its streets and outer sidewalks were clear to the pavement.

Finding: The sidewalks were treated in a timely manner, but the frigid temperatures prevented the salt from clearing many of them completely to the bare pavement.

Schenley Attractions, Shelters, Playgrounds and Trails

The Schenley Skating Rink has fourteen regularly scheduled skating periods during the week and weekend in the winter season, along with rentals and special events. On the 15th, it hosted its popular “Mascot Skate”. The upper and lower entrances to the rink, including the stairwell, were clear.

Finding: The walks surrounding Phipps Conservatory and the Schenley Café and Visitors’ Center, both open seven days per week, were cleared to bare pavement.

The shelter areas and trails cannot be cleared of snow because of their natural surfaces. It would likewise be a waste of resources to clear playgrounds, which are weather-dependent for usage. However, outdoor enthusiasts do use the trails in all weather conditions. Both the Oval’s track and the trails were observed to be in use by park visitors.

While the Bridle/Panther Hollow trails and Oval surfaces cannot be cleared, their entrance ramps and steps can be. The Panther Hollow trail entrance at Bartlett Street is asphalt and was not cleared, nor was the short flight of stone steps leading to the Upper Panther Hollow trail by the Panther Hollow Bridge. The asphalt entrance to the Schenley Oval track on Overlook Drive and the stairway entrances from Overlook Drive and the Vietnam Veterans’ Pavilion were not cleared or salted.

The walks and asphalt paths that connect the Anderson Street Bridge to the playground, pool and Bridle Trail/Camp David Lawrence, popular as a walking/jogging course, were cleared, as was the asphalt portion of the Bridle Trail running from the Pool to the Vietnam Veteran’s Pavilion.

Finding: Entrances to the Schenley Oval and the Panther Hollow trails were not cleared of snow, limiting trail access for its users.

RECOMMENDATION NO. 4:

After the roads and walkways are cleared, the Schenley Division should clear the Panther Hollow Trail and the Schenley Oval entrances to allow easier bad weather access for park users.

Weekend two-man work crews are scheduled from mid-April thru September in Schenley, Riverview, and Highland parks to maintain groves and police other activities. None are scheduled for Frick Park because there are too few shelters to make a weekend crew cost effective. Public Works does assign workers as needed to special attractions, such as the ice skating rink, that is open on weekends no matter the season.

Finding: During inclement winter weather, several smaller maintenance jobs were left undone over the weekend even though there was still activity in the parks.

RECOMMENDATION NO. 5:

It is not cost-effective to man regular weekend winter crews. But Public Works should consider adding an as-needed Saturday crew to complete smaller unfinished tasks or assigning smaller jobs to an already scheduled Street Division crew so that the parks are more accessible to its winter users even after inclement weather.

Emerald View Park

Emerald View Park (EVP) is located in Mount Washington and was created in 2005 by City Council Resolution #782 as Grandview Scenic Bypass Park. After the State designated Sycamore Street, McArdle Roadway, and Grandview Avenue as Pennsylvania Scenic Byways, and the park was renamed Emerald View Park in 2010.

Emerald View Park links the Mt. Washington greenway with several smaller neighborhood parks, and covered 243 acres in 2010, with the Allegheny Land Trust planning to add 14 more acres in the near future.

Grandview Park, Olympia Park, and Mount Washington (Dilworth) Park are neighborhood “anchor” parks, connected by the greenway and a nine-mile long trail system. These parks will keep their traditional identities, although assimilated into EVP.

These neighborhood parks feature ball fields, playgrounds, greenery trails, and nature walks. The final component of Emerald View Park is Grandview Overlook. It sits above Pittsburgh’s Golden Triangle and the West End and Saw Mill Run valleys. The Grandview Overlook is a top tourist attraction in the City, drawing regional and international visitors.

The park is jointly managed by the City of Pittsburgh and Mount Washington Community Development Corporation (MWCDC). According to the Office of Management and Budget's 2010 presentation, Emerald View Park has over 1 million visitors each year. The vast majority of these visitors come to view Pittsburgh from Mount Washington's Grandview Overlook rather than to visit the parks proper.

The park size and mix of users technically qualifies EVP as an ARAD regional asset, and it's been declared such by the Mayor and City Council by proclamation.

Finding: The City requested that regional park status be granted to Emerald View Park by the ARAD board. The request was approved in February of 2011, with the understanding that this designation would not necessarily translate into additional funding.

RECOMMENDATION NO. 6:

The City should help develop a specific long range plan for EVP's development; including participation in ARAD's annual grant process to request capital funding for proposed park projects. The City should also approach the Pittsburgh Parks Conservancy and seek its support in trail management and planning.

Finding: Its inclusion as a regional asset means that the current ARAD operations and capital funding can be shared with Emerald View Park in future budgets.

RECOMMENDATION NO. 7:

The City's five-year ARAD plan should be amended to include EVP and a request for additional funding should be made to help support park maintenance, development and programming.

Finding: Allegheny County received a funding boost when they increased their park acreage, and the City would like to achieve the same result. If ARAD funding is not increased proportionally, each of the four current regional parks would receive a smaller portion of funding than they presently receive, adding to the deficit costs of the regional park system in the City.

RECOMMENDATION NO. 8:

Public Works should not commit another dedicated park division to EVP's upkeep without additional ARAD funding; instead, park maintenance should continue to

be provided from its Southern Park Division. Citiparks should continue to provide its usual programming to the neighborhood anchor parks that connect EVP.

The Department of Public Works (DPW) and the Office of Management and Budget (OMB) provided the City Controller's Office with the following responses to the audit recommendations:

RECOMMENDATION NO. 1:

The City should examine its admission rates for aquatics and skating to determine if an increase will help generate added revenues. The City Administration should also revisit the concept of Market-Based Revenue Opportunities for the parks as recommended in a 2006 performance audit as a way of helping to reduce the General Fund share.

Response: OMB responded "The City has hired an MBRO Specialist and a vendor has been chosen to provide the necessary professional services to develop, market, implement, manage, and monitor the City's MBRO program. The contract is currently being finalized, and the program is tentatively scheduled to roll out in the Fall of 2011.

The Office of Management & Budget will continue to work with CitiParks to determine appropriate admission rates."

The recommendation is not applicable to DPW.

RECOMMENDATION NO. 2:

The Public Works department should prepare a report dedicated solely to its ARAD activity for the OMB reports using park-specific project and site codes.

Response: OMB responded "In the past, Public Works prepared its reports based on Foreman Reports. In an effort toward improved accuracy, Public Works is now using payroll registers which contain park-specific project and site codes for the reports that they submit to the Office of Management and Budget."

No response was provided by DPW.

RECOMMENDATION NO.3:

The Office of Management and Budget must rely on departmental reports for *total costs* incurred in operating the regional park system. In order to provide a more accurate account of ARAD funds, OMB should tie its quarterly/annual report of ARAD reimbursements to the general ledger rather than to the departmental reports. In addition, there should also be back-up documentation from the departments attached, supporting ARAD expenditures

Response: OMB responded “Both the Department of Public Works and the Office of Management and Budget have changed their accounting of ARAD funds. As stated above, salaries and premium pay reporting are now based on payroll registers rather than the Foreman Reports. Back up documentation is combination of Foremen Reports stating tasks and hours, equipment, and materials. Salary costs associated with those tasks are tracked in the salary ARAD salary document.”

DPW responded “Back up documentation will be a combination of information extrapolated from the Foremen reports, stating tasks, hours, and equipment and materials used in the Parks, plus the Salary report, which would reflect laborer costs.”

RECOMMENDATION NO. 4:

After the roads and walkways are cleared, the Schenley Park Division should clear the Panther Hollow Trail and the Schenley Oval entrances to allow easier bad weather access for park users.

Response: DPW responded “Trails are cleared as soon as possible. Once Public Works resources complete critical work in and through the Park, those resources are dispatched to clear trails.”

The recommendation is not applicable to OMB.

RECOMMENDATION NO. 5:

It is not cost-effective to man regular weekend winter crews. But Public Works should consider adding an as-needed Saturday crew to complete smaller unfinished tasks or assigning smaller jobs to an already scheduled Street Division crew so that the parks are accessible to its winter users even after inclement weather.

Response: DPW responded “Crews are assigned to finish any critical projects/tasks as needed. ROUTINE maintenance and tasks which are not critical or public safety-related issues are completed during regular work hours. If needs persist (such as in summer months with shelters) schedules will be adjusted to meet those needs.”

The recommendation is not applicable to OMB.

RECOMMENDATION NO. 6:

The City should help develop a specific long range plan for EVP’s development; including, participation in ARAD’s annual grant process to request capital funding for proposed park projects. The City should also approach the Pittsburgh Parks Conservancy and seek its support in trail management and planning.

Response: DPW responded “A long range plan for EVP was presented to RAD last year; The MWCD has been a vested partner with the push to have EVP accepted as the 5th regional Park; they have also been instrumental with the planning development and maintenance with trails located in EVP.”

OMB responded “The Mt. Washington Community Development Corporation (MWCDC) has been the City’s vested partner in the push to have the park accepted as a regional park. They have also been instrumental with the planning, development, and maintenance with the trails located in Emerald View Park. In 2005, MWCDC and the Western Pennsylvania Conservancy partnered together to produce a Master Development Plan for the park, which can be found at <http://www.mwcdc.org/files/mip.pdf>. This plan has served, and will continue to serve, as the blue-print for the development of Emerald View Park.

Now that the Allegheny Regional Asset Board has recognized the park as a regional park, the City will begin to assess if capital funding is appropriate for the park.”

RECOMMENDATION NO. 7:

The City’s five-year ARAD plan should be amended to include EVP and a request for additional funding should be made to help support park maintenance, development and programming.

Response: DPW responded “We will seek additional funding this year again for EVP.”

OMB responded “The City recently submitted its 2012 Budget Request for the ARAD Parks with an additional request of \$250,000 to help support Emerald View Park. The RAD Board releases their funding decisions in September, so the City will determine the budget for all the regional parks at that time.”

RECOMMENDATION NO. 8:

Public Works should not commit another dedicated park division to EVP’s upkeep without additional ARAD funding; instead, park maintenance should be provided from its South Hills Street Division as needed. Citiparks should continue to provide its usual programming to the neighborhood anchor parks that connect EVP.

Response: DPW responded “No RAD funding is used in EVP as none is appropriated. The city maintenance of EVP is performed by DPW maintenance divisions.”

OMB responded “There is currently no dedicated park division to EVP’s upkeep as no funding appropriation was made by RAD in the past. Any maintenance of EVP has been performed as needed by DPW maintenance divisions. As stated above, the City recently

submitted its 2012 Budget Request with an additional request of \$250,000 for Emerald View Park. If granted, the City will determine if a small crew should be dedicated to the park.”