



College Station, TX

City Hall
1101 Texas Ave
College Station, TX 77840

Meeting Agenda - Final

City Council Workshop

Thursday, March 14, 2019

4:00 PM

City Hall Council Chambers

1. Call meeting to order.
2. Executive Session will be held in the Administrative Conference Room.

Consultation with Attorney {Gov't Code Section 551.071};

Possible action. The City Council may seek advice from its attorney regarding a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. Litigation is an ongoing process and questions may arise as to a litigation tactic or settlement offer, which needs to be discussed with the City Council. Upon occasion the City Council may need information from its attorney as to the status of a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

Litigation

- a. Kathryn A. Stever-Harper as Executrix for the Estate of John Wesley Harper v. City of College Station and Judy Meeks; No. 15,977-PC in the County Court No. 1, Brazos County, Texas
- b. McCrory Investments II, LLC d/b/a Southwest Stor Mor v. City of College Station; Cause No. 17-000914-CV-361; In the 361st District Court, Brazos County, Texas
- c. City of College Station v. Gerry Saum, Individually, and as Independent Executrix of the Estate of Susan M. Wood, Deceased; Cause No. 17-002742-CV-361; In the 361st District Court, Brazos County, Texas
- d. Carrie McIver v. City of College Station; Cause No. 18-003271-CV-85; In the 85th District Court, Brazos County, Texas

Legal Advice

- a. Legal Advice concerning recent developments related to the Texas Open Meetings Act.
- b. Legal advice regarding College Station's position under the ILA and Joint Development Agreement between the Cities of College Station and Bryan related to Nutrabort.

Personnel {Gov't Code Section 551.074};

Possible action. The City Council may deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer. After executive session

discussion, any final action or vote taken will be in public. The following public officer(s) may be discussed:

- a. Council Self Evaluation
- b. City Secretary

5:00 p.m.

3. Take action, if any, on Executive Session.

4. Presentation, possible action, and discussion on items listed on the consent agenda.

5. [19-0101](#) Presentation, discussion, and possible action relating to receiving the annual audit reports and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018.

Sponsors: Leonard

6. [19-0108](#) Presentation, discussion, and possible action concerning the City Internal Auditor's Audit of the City's Parkland Dedication Program.

Sponsors: Elliott

Attachments: [Parkland Dedication Audit](#)

7. Council Calendar - Council may discuss upcoming events.

8. Discussion, review, and possible action regarding the following meetings: Animal Shelter Board, Annexation Task Force, Arts Council of Brazos Valley, Architectural Advisory Committee, Arts Council Sub-committee, Audit Committee, Bicycle, Pedestrian, and Greenways Advisory Board, Bio-Corridor Board of Adjustments, Blinn College Brazos Valley Advisory Committee, Brazos County Health Dept., Brazos Valley Council of Governments, Brazos Valley Economic Development Corporation, Bryan/College Station Chamber of Commerce, Budget and Finance Committee, BVSWMA, BVWACS, Compensation and Benefits Committee, Experience Bryan-College Station, Design Review Board, Economic Development Committee, FBT/Texas Aggies Go to War, Gulf Coast Strategic Highway Coalition, Historic Preservation Committee, Interfaith Dialogue Association, Intergovernmental Committee, Joint Relief Funding Review Committee, Landmark Commission, Library Board, Metropolitan Planning Organization, Parks and Recreation Board, Planning and Zoning Commission, Research Valley Technology Council, Regional Transportation Committee for Council of Governments, Sister Cities Association, Spring Creek Local Government Corporation, Transportation and Mobility Committee, TAMU Economic Development, TAMU Student Senate, Texas Municipal League, Twin City Endowment, Walk with the Mayor, YMCA, Youth Advisory Council, Zoning Board of Adjustments, (Notice of Agendas posted on City Hall bulletin board).

9. Adjourn.

The City Council may adjourn into Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion.

I certify that the above Notice of Meeting was posted at College Station City Hall, 1101 Texas Avenue, College Station, Texas, on March 8, 2019 at 5:00 p.m.



City Secretary

This building is wheelchair accessible. Persons with disabilities who plan to attend this meeting and who may need accommodations, auxiliary aids, or services such as interpreters, readers, or large print are asked to contact the City Secretary's Office at (979) 764-3541, TDD at 1-800-735-2989, or email adaassistance@cstx.gov at least two business days prior to the meeting so that appropriate arrangements can be made. If the City does not receive notification at least two business days prior to the meeting, the City will make a reasonable attempt to provide the necessary accommodations.

Penal Code § 30.07. Trespass by License Holder with an Openly Carried Handgun.

"Pursuant to Section 30.07, Penal Code (Trespass by License Holder with an Openly Carried Handgun) A Person Licensed under Subchapter H, Chapter 411, Government Code (Handgun Licensing Law), may not enter this Property with a Handgun that is Carried Openly."

Codigo Penal § 30.07. Traspasar Portando Armas de Mano al Aire Libre con Licencia.

"Conforme a la Seccion 30.07 del codigo penal (traspasar portando armas de mano al aire libre con licencia), personas con licencia bajo del Sub-Capitulo H, Capitulo 411, Codigo de Gobierno (Ley de licencias de arma de mano), no deben entrar a esta propiedad portando arma de mano al aire libre."



Legislation Details (With Text)

File #:	19-0101	Version:	1	Name:	CAFR & Audit Cover Sheet
Type:	Presentation	Status:		Status:	Agenda Ready
File created:	2/27/2019	In control:		In control:	City Council Workshop
On agenda:	3/14/2019	Final action:		Final action:	
Title:	Presentation, discussion, and possible action relating to receiving the annual audit reports and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018.				
Sponsors:	Mary Ellen Leonard				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result
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Presentation, discussion, and possible action relating to receiving the annual audit reports and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018.

Recommendation(s): Staff recommends that Council accept the 2018 audit reports and CAFR.

Summary: The City's Charter and Fiscal and Budgetary Policies along with State law require that not less than thirty (30) days prior to the end of each fiscal year, the City Council shall designate a qualified public accountant or accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidences of financial transactions of the City government and shall submit the report to the City Council. Also, the City's budgetary policies require that the auditor jointly review the management letter/audit results with the City Council within 30 days of receipt by the staff.

Ms. Amanda Eaves of BKD, LLP will present the results of the fiscal year 2018 audit and present, along with staff, the 2018 CAFR. Ms. Eaves will also be available to answer any questions the City Council may have.

Budget & Financial Summary: The reports provide a summary of the City's financial position as of September 30, 2018.

Legal Review:

Attachments:

1. Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2018 (Delivered to Council under separate cover)
2. Single Audit Reports (Delivered to Council under separate cover)
3. Management Letter (Delivered to Council under separate cover)

4. Staff response to Management Letter (Delivered to Council under separate cover)

Legislation Details (With Text)

File #:	19-0108	Version:	1	Name:	Parkland Dedication Audit
Type:	Presentation	Status:		Status:	Agenda Ready
File created:	3/6/2019	In control:		In control:	City Council Workshop
On agenda:	3/14/2019	Final action:		Final action:	
Title:	Presentation, discussion, and possible action concerning the City Internal Auditor's Audit of the City's Parkland Dedication Program.				
Sponsors:	Ty Elliott				
Indexes:					
Code sections:					
Attachments:	Parkland Dedication Audit				

Date	Ver.	Action By	Action	Result
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Presentation, discussion, and possible action concerning the City Internal Auditor's Audit of the City's Parkland Dedication Program.

Relationship to Strategic Goals:

- Good Governance

Recommendation(s):

1. Modify the parkland dedication ordinance so that dedication requirements for multifamily developments are proportional to the fee-in-lieu of dedication.
2. Reduce the number of park zones to the fewest number of zones feasible according to legal requirements.
3. Modify or eliminate the discounts built into the park development fee.
4. Develop a more elegant parkland dedication methodology. Any changes made to the ordinance should seek to simplify it instead of adding any additional layers of complexity.
5. Require Parks and Recreation staff to verify parkland dedication acres and fees that have been collected by Planning and Development staff.
6. Consider engaging the Texas Municipal League or other contract partners to advocate on the City's behalf to modify Texas Local Government Code 245.

Summary:

The City's current parkland dedication requirements and fee structure is complex. While some of this complexity is the result of federal and state law, much of it is due to competing political interests that have led to several changes in the parkland dedication ordinance over

the past 10 years.

The most significant change occurred in 2008, which resulted in an ordinance that imposed some of the highest parkland dedication fees and land dedication requirements in Texas. Subsequent City Councils have modified the ordinance to shift or lessen the burden of fees and land requirements. Although some City Councils desired to increase parkland dedication requirements and fees while others sought to reduce them, most changes made since 2008 have resulted in added layers of complexity.

As the parkland dedication ordinance has become more complex, accurately and fairly accounting for the land dedication, monies collected, and the funds expended have become increasingly challenging for City staff. To mitigate these risks, the City has implemented several internal controls. Overall, these controls have been effective, but they have come at the cost of increased administrative burden to City staff, developers, and appointed and elected governance bodies.

Perhaps the greatest consequence of the ordinance's complexity is the timely expenditure of parkland dedication funds. As a result, the City's population has grown at a significantly higher rate than the rate parkland has been added to the City. In addition, the City risks being required to refund monies collected, but how and to whom to refund may be problematic.

Attachments: Parkland Dedication Audit Report

Parkland Dedication Audit

March 2019

City Internal Auditor's Office

City of College Station

File#: 19-02

Why We Did This Audit

This audit was conducted per direction of the Audit Committee. The City acquires significant land dedications and collects substantial parkland dedication fees on an annual basis due to its parkland dedication ordinance.

What We Recommended

- Modify the parkland dedication ordinance so that dedication requirements for multifamily developments are proportional to the fee-in-lieu of dedication.
- Reduce the number of park zones to the fewest number of zones feasible according to legal requirements.
- Modify or eliminate the discounts built into the park development fee.
- Develop a more elegant parkland dedication methodology. Any changes made to the ordinance should seek to simplify it instead of adding any additional layers of complexity.
- Require Parks and Recreation staff to verify parkland dedication acres and fees that have been collected by Planning and Development staff.
- Consider engaging the Texas Municipal League or other contract partners to advocate on the City's behalf to modify Texas Local Government Code 245.

Audit Executive Summary: Parkland Dedication

What We Found

The City's current parkland dedication requirements and fee structure is complex. While some of this complexity is the result of federal and state law, much of it is due to competing political interests that have led to several changes in the parkland dedication ordinance over the past 10 years.

The most significant change occurred in 2008, which resulted in an ordinance that imposed some of the highest parkland dedication fees and land dedication requirements in Texas. Subsequent City Councils have modified the ordinance to shift or lessen the burden of fees and land requirements. Although some City Councils desired to increase parkland dedication requirements and fees while others sought to reduce them, most changes made since 2008 have resulted in added layers of complexity.

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Parkland Dedication Audit

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Introduction

The Office of the City Internal Auditor conducted this performance audit of the parkland dedication program pursuant to Article II Section 30 of the College Station City Charter, which outlines the City Internal Auditor's primary duties.

A performance audit is an objective, systematic examination of evidence to assess independently the performance of an organization, program, activity, or function. The purpose of a performance audit is to provide information to improve public accountability and facilitate decision-making. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information. A performance audit of the Parkland Dedication program was included in the fiscal year 2019 audit plan based on direction given by the Audit Committee.

Audit Objectives

This audit addresses the effectiveness of the City's parkland dedication program and answers the following questions:

- How does the City of College Station's parkland dedication program compare to best practices and benchmark cities?
- Do adequate controls exist to ensure parkland dedication fees are being collected according to the ordinance?
- Are parkland dedication contributions being spent effectively?

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit fieldwork was conducted from October 2018 through January 2019. The scope of review varied depending on the analysis being performed. The methodology used to complete the audit objectives included:

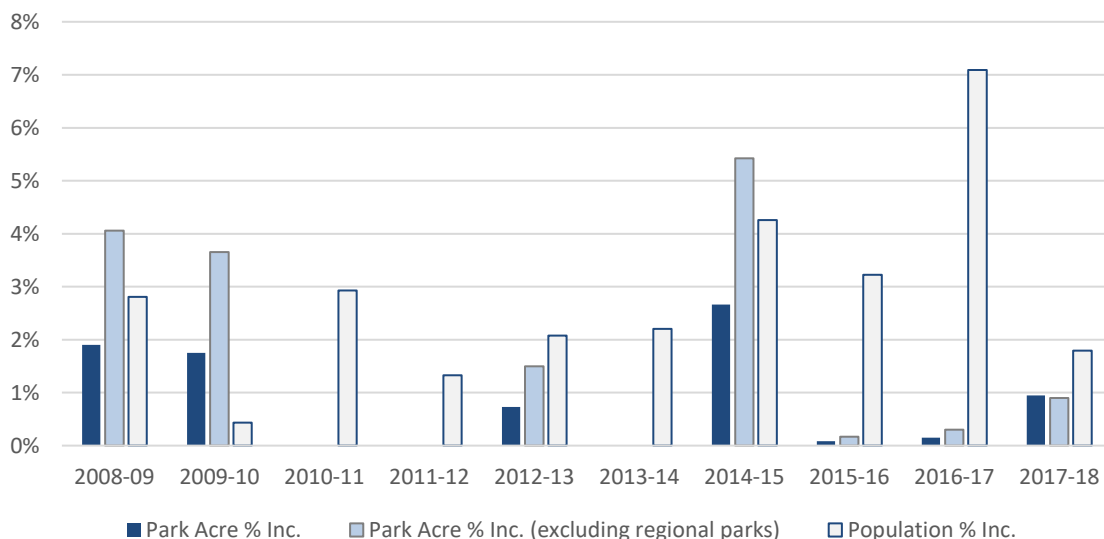
- Reviewing the work of auditors in other jurisdictions and researching professional literature to identify: 1) parkland dedication best practices, and 2) general challenges facing parkland dedication programs.

- Comparing applicable policies and procedures and relevant state and federal laws or regulations to the current parkland dedication ordinance and parkland dedication program practices.
- Interviewing pertinent staff in the Parks and Recreation Department, Planning and Development Services Department, and Fiscal Services Department.
- Obtaining legal opinions on various parkland dedication related issues from the City Attorney's Office.
- Examining historical parkland dedication ordinances and relevant City Council, Planning and Zoning, and Parks and Recreation Advisory Board meetings and minutes.
- Verifying the accuracy and completeness of parkland dedication payments and fees.
- Examining the parkland dedication ordinances of similar jurisdictions and benchmarking these jurisdictions' parkland dedication programs to the City of College Station's program.

Parkland Dedication Background

The City of College Station's parkland dedication program originated in 1970 and was intended to provide for the creation and development of recreational areas in the City in conjunction with population growth. In 2008, this ordinance received an extensive update spearheaded by the City Council. At the time of this ordinance change, the City had a population of approximately 91,000 with 587 acres of community and neighborhood parkland and 666 acres of regional parkland.¹ From 2008 to 2018, the City has added 107 acres of parkland, an increase of 8 percent—while the City's population has grown to approximately 120,000, an increase of 32 percent. Figure 1 below compares increases in park acreage to population growth over time.

Figure 1: Park Acreage and Population Growth (percent increase)



¹ Parkland acreage amounts exclude cemeteries, conference centers, and Texas A&M University parks.

In 2018, the City had 11 acres of parkland per thousand people. When the parkland dedication program originated in 1970, the National Recreation and Park Association (NRPA) reported that the average park and recreation agency offered 7 acres of parkland per 1,000 residents. Based on a 2018 report published by the NRPA, the typical park and recreation agency offers one park for every 2,114 residents served, with 10 acres of parkland per 1,000 residents.

Although the City had 11 acres of parkland per thousand people in 2018, it sets parkland dedication requirements based on a goal of 7 parkland acres per thousand people – 3.5 acres of community and neighborhood parkland each.² This discrepancy is largely due to regional parkland acreage not being considered when setting this standard. As can be seen in Figure 2 below, nearly half of the City’s park acreage is composed of regional parkland within Lick Creek and Veterans parks.

Figure 2: 2018 Park Inventory

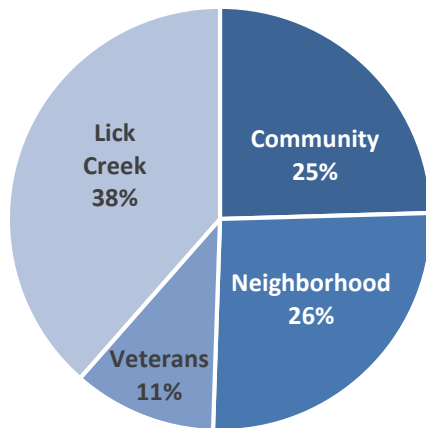


Table 1: Park Inventory

Park Type	2008 Acres	2018 Acres
Community	287	334
Neighborhood	300	353
	587	687
Veterans (regional)	150	149
Lick Creek (regional)	516	523
	666	672
Total Acres	1,252	1,359

Park service level is a function of population, and park acreage. The land dedication requirement is then proportional to this service level, determined by the estimated number of people the development can house:

- If *population* increases and parkland remains the same, the service level decreases;
- If *parkland* increases and population remains the same, the service level increases.

Decreasing the expected park service level would mean that past residents were subsidizing park funding for future residents, while increasing the expected park service level would mean that future residents will subsidize park funding for past residents.

² At the time the 2008 ordinance was being developed, a population of approximately 88,000 and park acreage of 616 was assumed. The park acreage included 29 acres of TAMU parkland, but excluded 666 acres of regional parkland. These assumptions resulted in 7 acres of parkland per 1,000 population.

The City's parkland dedication ordinance requires a developer to either dedicate a certain amount of land or pay a fee-in-lieu of dedication. The formula for this is shown below:

$$\frac{\text{Parkland Acres}}{\text{Population}} \times 2.38^3 \times \text{Number of Housing Units Proposed} \times \text{Fair Market Value of an Acre}$$

Service Level

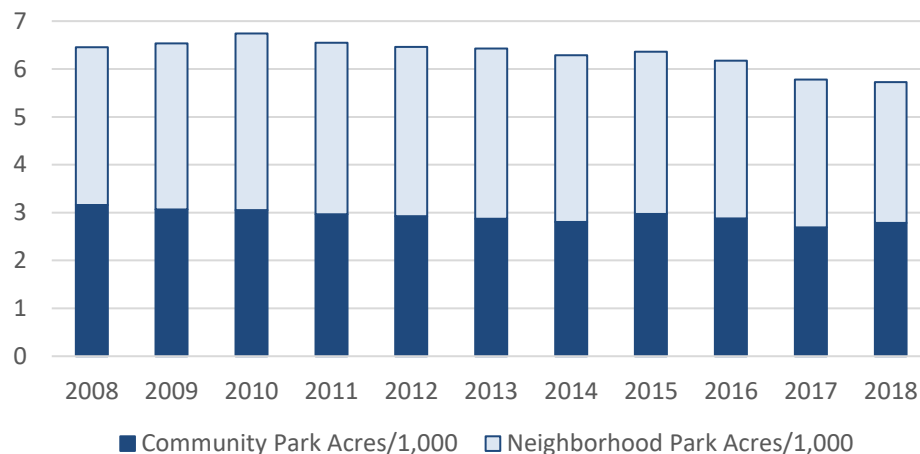
Land Dedication Requirement

Fee-in-Lieu of Land Requirement

The City also requires developers to pay a park development fee or construct park developments in lieu of the fee. Most Texas cities that have parkland dedication ordinances only require that land be dedicated and do not impose park development fees. Ordinances that contain only the land and the fee-in-lieu elements without containing a park development fee require existing taxpayers to pay the costs of improvements to transform the bare land into a park.

As can be seen in Figure 3 below, parkland acres per 1,000 population has steadily been decreasing in College Station since 2010. Community and neighborhood park acres per thousand population fell below 6 acres in 2017 and remained below that mark in 2018. Some of the causes of this trend will be discussed in the Findings and Analysis section of this report.

Figure 3: Community and Neighborhood Park Acres per Thousand People⁴



³ Based on average household size of owner-occupied units according to 2010 census data.

⁴ Official population estimates obtained from the City's Planning and Development Services Department were used.

Findings and Analysis

The City's current parkland dedication requirements and fee structure is complex. While much of this complexity is the result of federal and state law, some of it is due to competing political interests that have led to several changes in the parkland dedication ordinance over the past 10 years. As the parkland dedication ordinance has become more complex, accurately and fairly accounting for the land dedication, monies collected, and the funds expended have become increasingly challenging for City staff. To mitigate these risks, the City has implemented several internal controls (see Appendix B). Overall, these controls have been effective, but they have come at the cost of increased administrative burden to City staff, developers, and appointed and elected governance bodies.

The Parkland Dedication Ordinance is Complex

The City's parkland dedication requirements are more complex and the associated fees are higher than most other Texas cities. Transaction complexity often leads to fraud risks resulting from reduced transparency. In addition, the more complex the transaction the greater the risk of transactional errors or inaccuracies.

The City's Requirements are More Complex than other Texas Cities

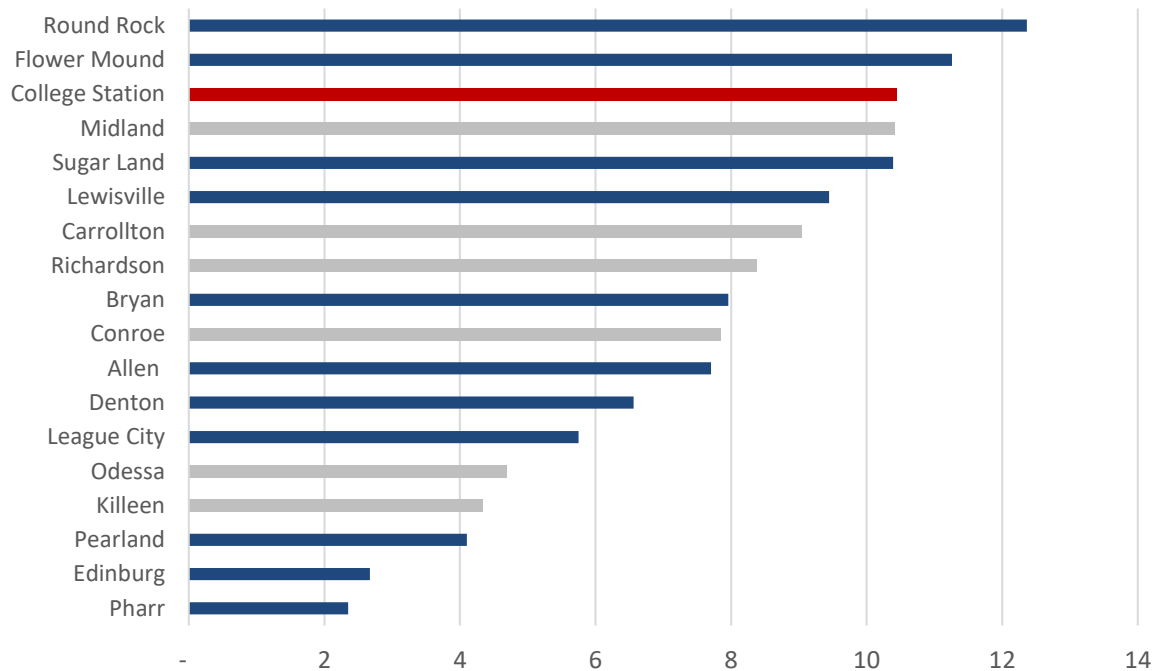
In 2008, the Texas A&M AgriLife Extension performed a comprehensive study that analyzed the parkland dedication ordinances of 42 Texas cities and reported the acres of parkland per 1,000 population in 83 Texas cities. At this time, College Station ranked 29 out of 83 in park acres per 1,000 residents. Three of the 42 cities in the study did not have a fee-in-lieu of option and 10 cities calculated fees based solely on market value. Of the remaining 29, College Station had the highest total parkland dedication fees.

In determining parkland dedication fees, the 2008 study found that 8 cities fee calculations' differentiated single-family developments from multi-family developments. Ten cities had park development fees, but only 3 of those 10 differentiated between single-family and multifamily. In addition, many ordinances were restricted to only a subset of parks—typically neighborhood, or neighborhood and community parks—instead of all parks, and they did not extend into the extraterritorial jurisdiction (ETJ) areas. The City of College Station's 2008 ordinance contained all these elements, which added to its complexity; and only the City of Bryan rivaled College Station in its ordinance's complexity.

Since a comprehensive study of parkland dedication ordinances in Texas has not been conducted in approximately 10 years, our office examined the parkland dedication ordinances of other cities. Because population and growth are key factors in determining parkland dedication,

cities within $\pm 35,000$ of College Station's population with 10 to 30 percent growth rates were determined to be benchmark cities. These cities can be seen in Figure 4 below. Cities without ordinances include Midland, Carrollton, Richardson, Conroe, Odessa, and Killeen (colored in gray in Figure 4).

Figure 4: Parkland Acres per Thousand People⁵



College Station's parkland dedication requirements are some of the highest among comparable cities. A breakdown of parkland dedication fees in benchmark cities can be seen in Table 2 on the next page. Unlike other municipalities, the City of College Station charges multifamily developments by the bedroom and not by the dwelling unit, which makes comparison difficult. This being said, we estimated College Station to have the third highest total fees of comparable cities.

In terms of actual land required per dwelling unit, the City appears to be about in the middle for single-family developments; however, College Station currently has the highest multifamily parkland dedication requirement. College Station's dedication requirement for multifamily developments is one acre per 49 bedrooms for neighborhood parks and 53 bedrooms for community parks. When these values are converted to dwelling units for comparison purposes the result is one acre per 21 dwelling units for neighborhood parks and 22 units for community parks. To put this into perspective, Bryan has the next highest multifamily dedication requirement amongst the cities examined, with a land dedication of 1 acre per 90 dwelling units. In other words, developers of multifamily properties are required to dedicate approximately 4

⁵ Census population estimates and developed parkland acres were used for comparison purposes.

times the amount of land for parks in College Station than they are required to dedicate in the City of Bryan.

Table 2: Parkland Dedication Requirements

City	DU/Acre	Fee-in-Lieu	Dev. Fee	Est. Fee-in-Lieu	Total Fees
Lewisville	33	Market Value	\$1,000/DU	\$1,758	\$2,758/DU
Flower Mound	30	Market Value	\$278/DU	\$1,933	\$2,211/DU
College Station	SF: NGBH: 117 COMM: 128 MF: NGBH: 21 COMM: 22	SF: \$524/DU MF: \$220/BR	SF: \$737/DU MF: \$467/BR	N/A	SF: \$1,261/DU MF: \$687/BR ⁶
Pearland	50	Market Value	None	\$1,300	\$1,300/DU
League City	90	None	\$1,000/DU ⁷	N/A	\$1,000/DU
Denton	SF: 143 MF: 222	Market Value	SF: \$291/DU MF: \$187/DU	SF: \$336 MF: \$216	SF: \$627/DU MF: \$403/DU
Edinburg	50	\$600/DU	None	N/A	\$600/DU
Allen	100	FMV	None	\$590	\$590/DU
Bryan	SF: 74 MF: 90	SF: \$162/DU MF: \$133/DU	\$358/DU	N/A	SF: \$520/DU MF: \$491/DU
Sugar Land	SF: 100 MF: 146	SF: \$350/DU MF: \$240/DU	None	N/A	SF: \$350/DU MF: \$240/DU
Round Rock	SF: 1-8% of total acres of subdivision MF: 10-20% of total acres of subdivision	Market Value	None	N/A	N/A
Phar	1 acre/15 acres of development	\$1,250/acre	\$250/DU	N/A	N/A

Multifamily Dedication Requirements Are Not Proportional to Fees-in-lieu

Although the City modified the parkland dedication ordinance in 2015 and 2017, many of the assumptions that form the basis of the parkland dedication requirement have remained constant since the 2012 update to the ordinance. For example, the assumptions for multifamily developments are as follows:

- 96,603 population (according to 2012 population estimate)
- 346 acres of neighborhood parks (according to 2012 estimates)
- 316 acres of community parks (according to 2012 estimates)
- 2.38 average persons per household (according to 2010 census data)

Given the before mentioned assumptions have not changed since 2012, service level for multifamily developments is calculated as follows:

- $96,603/346 = 1$ acre of neighborhood park per 279 people
- $96,603/316 = 1$ acre of community park per 305 people

⁶ Converted to Dwelling Units, this amount would total \$1,636/DU.

⁷ If a developer pays parkland dedication fees at the time of approval for the master plan, the fee is reduced to \$800/DU.

This service level results in the following land dedication for multifamily developments:

- Neighborhood parks: $279 \text{ people} / 2.38 \text{ PPH} = 117 \text{ Dwelling Units per acre}$
- Community parks: $305 \text{ people} / 2.38 \text{ PPH} = 128 \text{ Dwelling Units per acre}$

The ordinance's fee schedule was changed in 2015 to list the amounts for multifamily properties by bedrooms instead of dwelling units, while single-family properties continued to be listed by dwelling unit. Prior to this change, with a "by-the-dwelling-unit" assessment, all multifamily units paid the same amount for parkland dedication regardless of the number of bedrooms. As a result, multifamily developers constructing units with 1 to 2 bedrooms per unit were typically paying more per bedroom than the multifamily developers that constructed units with more than three bedrooms per unit.

The documentation regarding the 2015 ordinance presented to City Council states "since the current fees were established assuming an average of 2.38 persons per household, the amendment assumes that the previous "per dwelling unit" requirement can be divided by 2.38 resulting in a "per person" or "per bedroom fee for multi-family projects."

Although this statement is a fair assumption when converting dwelling units to bedrooms for the fee-in-lieu of land dedication. This is not the case when converting the dwelling units per acre of dedicated land to bedrooms per acre. Consequently, the 2015 ordinance's methodology resulted in the following land dedication requirement:

- Neighborhood parks: $117 / 2.38 = 49 \text{ bedrooms per acre of dedicated land}$
- Community parks: $128 / 2.38 = 53 \text{ bedrooms per acre of dedicated land}$

As a result of this change, it could be as much as 6 times more costly for multifamily developments to dedicate parkland than to pay the fee-in-lieu of land. Therefore, the City should change these requirements so that they are proportional to the fee-in-lieu dedication. A cost neutral conversion that results in a land dedication requirement proportional to the fee-in-lieu of dedication could have been achieved by the following calculation:

- Neighborhood parks: $117 \times 2.38 = 278 \text{ bedrooms per acre of dedicated land}$
- Community parks: $128 \times 2.38 = 305 \text{ bedrooms per acre of dedicated land}$

Ordinance Changes Have Increased Parkland Dedication Complexity

Over the past ten years there have been four changes to the parkland dedication ordinance that impacted the dedication requirements and the fees collected, as well as significantly adding to the ordinance's complexity. Although the ordinance was modified most recently in 2015 and 2017, the two most significant changes occurred in 2008 and 2012.

The change that occurred in 2008 was the most extensive and resulted in an ordinance that imposed some of the highest parkland dedication fees and land dedication requirements in Texas. Subsequent City Councils have modified the ordinance to shift or lessen the burden of

fees and land requirements. Although some City Councils desired to increase parkland dedication requirements and fees while others sought to reduce them, most changes made since 2008 have resulted in added layers of complexity.

The 2012 changes made to the parkland dedication ordinance resulted in an overall reduction of parkland dedication and fees. In addition, changes made to the variables that form the basis of the parkland dedication calculations shifted the burden of costs from single-family developments to multifamily developments. For example, the 2012 ordinance gave a 75 percent discount on single-family community park development fees and a 50 percent discount on multifamily community park development fees. Table 3 compares the assumptions from the 2008 parkland dedication ordinance to those in the 2012 ordinance. The table below also describes the effect of a variable on parkland dedication fees (assuming all other variables are held constant).

Table 3: Parkland Calculation Dedication Variables

Variable	2008	2012	Impact on Fee
Neighborhood parks acres	308	346	Increase
Community parks acres	299	316	Increase
Population	87,758	96,603	Decrease
Owner-occupied Persons Per Household	2.80	2.38	Decrease
Renter-occupied Persons Per Household	2.28	2.38	Increase
Land value (cost per acre)	\$32,000	\$32,000	None
Neighborhood park cost	\$630,520	\$350,000	Decrease
Community park cost	\$2,500,000	\$7,600,000	Increase
Number of neighborhood parks	38	42	Increase
Number of community parks	8	8	None
Single fam. development discount	0%	75%	Decrease
Multi fam. development discount	0%	50%	Decrease

Some Parkland Dedication Requirements May Merit Periodic Consideration

The fee-in-lieu of a land dedication should be a reasonable amount based on the land that should have been dedicated. Six of 11 benchmark municipalities (55%) use the fair market value (FMV) of the land that would be dedicated to calculate their fee. The other 5 benchmarks periodically estimate the FMV of land in their jurisdiction and use this amount to assess all developers' requirements. The City of College Station uses the latter methodology and has assumed since 2008 that a reasonable price per acre of land is \$32,000. If a new development could house about 1,000 people (420 single-family homes), but chose to pay the fee-in-lieu, they would be charged \$224,000 (i.e. 7 acres x \$32,000).

Using multiple listing service (MLS) data provided by City staff, we found that the median price of undeveloped land⁸ in College Station for the past five years was \$22,094 and in the past year

⁸ Included properties over 10 acres not zoned commercial to best represent land to be developed to residential properties.

was \$29,293. While this calculation indicates that parkland dedication acquisition fees may have been high in the past, they have generally been decreasing over time. In addition, it appears reasonable to use this land value assumption for the next few years, but it should be re-evaluated periodically.

In addition to a land dedication requirement, the City requires the payment of a park development fee, which is based on the estimated cost per person the City would incur by developing a neighborhood park (\$350,000; about 2,300 people) and community park (\$7,600,000; about 12,060 people) respectively. The City's current park development fee gives a 75 percent discount on the community park cost to single-family developments and a 50 percent discount to multifamily developments due to changes made to community park development standards in 2012. These discounts were enacted to keep these fees from substantially increasing due to park construction cost increases and a change in neighborhood and community park standard that occurred between 2008 and 2012. However, we found that there does not appear to be a cogent basis for which these discounts percentages were determined.

In lieu of paying a park development fee, a developer may construct park developments according to the City's standards. Six of 11 benchmark cities (55%) charge a park development fee, while 5 separate benchmark cities (45%) allow the developer to construct park developments. In addition, we found that some cities either require or offer discounts for developer constructed parks that are turned over to home owner associations to manage and maintain.

Ordinance Complexity Has Impacted Internal Controls Costs

Internal controls helps to achieve policy goals, protects assets from misuse and theft, and increases the accuracy and reliability of financial records. Overall, we found that the City's internal controls over the assessment, collection, and expenditure of parkland dedication funds to be well designed. However, the City's system of internal controls over the parkland dedication process, documented in Appendix B, has come at significant costs.

Due to the complexities of the ordinance previously described in this report, designing a process that mitigates all significant risks has been challenging for City staff. Consequently, if future changes are made to the parkland dedication ordinance, they should be made in consideration of the administrative burden placed on staff. It is important to keep in mind that the more complex the transaction, the greater the risk of transactional errors or malfeasance—and thus a more costly system of internal controls is needed to prevent such occurrences.

Timely Expenditure of Parkland Funds Has Been Challenging

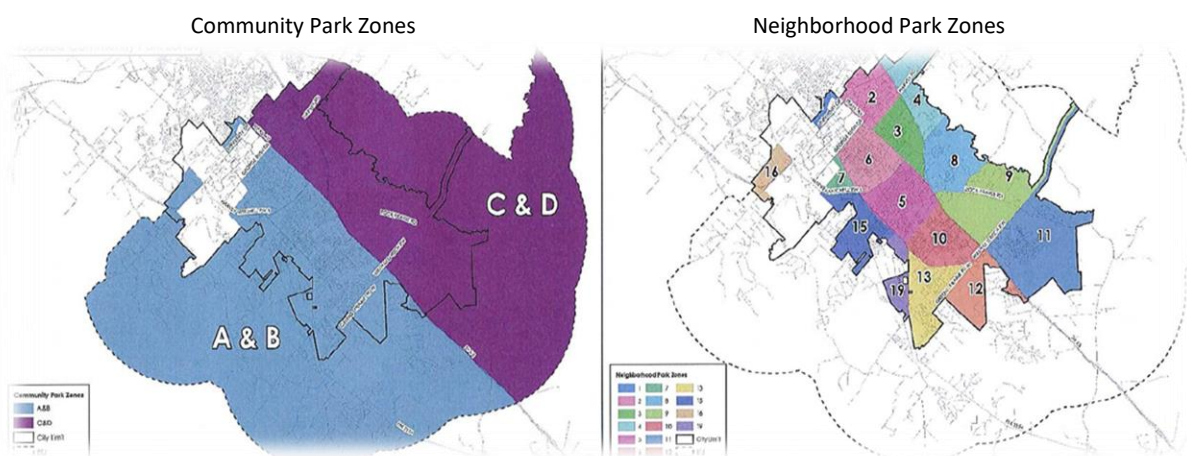
Having separate community and neighborhood fees and funds compounds collection issues and hinders effective spending. Meanwhile, not expending collected parkland dedication funds in a timely fashion exposes the City to several risks. For example, the City risks being required to refund monies, but how and to whom the refund is issued may be problematic. In addition, both developers from whom the monies were collected and the citizens that live in the corresponding development are likely to grow frustrated if park amenities are not delivered in a reasonable time frame.

The City Has More Park Zones than Other Texas Cities

Like College Station, most Texas cities with parkland dedication programs create park zones to ensure that the money generated from developments in a zone is expended in that zone. A likely reason this methodology is so widely employed is due to legal precedent that appears to suggest that the enacting jurisdiction should provide a connection between the demand generated by the development and the park being developed with those resources.

To this effect, the City's system of internal controls is designed to ensure that money collected in a certain park zone is used to develop a park within that specific zone. The City currently collects fees in 2 community park zones and 16 neighborhood park zones. These zones can be seen on the maps in Figure 5 below. Unlike College Station, the comparable cities examined typically have far fewer zones, and do not separate the zones into community and neighborhood zones.

Figure 5: Park Zone Maps



Parkland dedication fees sometimes apply in the extra-territorial jurisdiction (ETJ). In addition, we can see from Figure 5 that the City currently charges community park fees in the ETJ, but does not charge neighborhood fees. This reflects a 2017 policy change that amended the City's

Parks and Recreation Master Plan to discontinue building neighborhood parks in the ETJ, however, community parks would still be built. Four of 11 benchmark cities (36%) require parkland dedication in the ETJ.

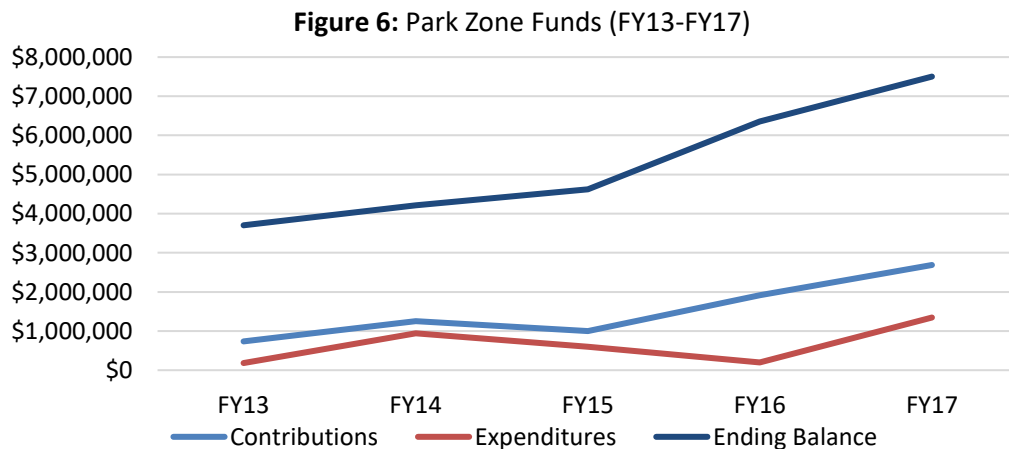
New Parks Should Be Built Within a Reasonable Time Frame

When fees-in-lieu are paid, the homes generating the fees should expect to benefit from new park amenities within a reasonable time frame. Nevertheless, many cities fail to specify a time frame of any kind, which could be considered a limitation of their parkland dedication ordinances. When they do, a reasonable time frame is most commonly determined to be either 10 or 5 years. Similar to the City of College Station, 67 percent of benchmark cities' ordinances define a reasonable time frame as 10 years.

If the reasonable time frame criterion is not met, many cities provide for the landowners who have paid parkland dedication fees to receive a refund. The City's current ordinance requires parkland dedication fees to be encumbered or expended by the City within 10 years of the date received. The City is then required to refund the property landowner on the expiration of the received date.

Parkland Dedication Ordinance Complexity Hinders Spending

Collected parkland dedication fees are accounted in the City's Tyler MUNIS system in separate funds based on the development's neighborhood and community park zone. Each month, Fiscal Services staff reconciles the payments recorded in TRAKIT and in Tyler MUNIS. During fiscal year 2018, there were 26 active park funds: 6 community funds and 20 neighborhood funds.⁹ Funds are then spent out of these accounts either through the purchase order process or the capital projects process to ensure monies are spent in the appropriate areas. Figure 6 below shows how the park zone funds have changed between fiscal years 2013 and 2017.



⁹ Active park fund means that the fund was growing either due to interest or developer contributions.

In other words, numerous park zones hinder effective parks spending. For instance, only three of the twenty active neighborhood park zones have more than \$350,000, which is the amount the City estimates it takes to construct a neighborhood park. Indeed, each neighborhood park fund has about \$118,000 on average, but actually over half of the accounts have less than \$50,000. On the other hand, these funds total about \$2.4 million dollars – enough money to build almost seven neighborhood parks. Table 4 shows the summary statistics of each park zone fund type.

Table 4: Park Zone Funds Balance (12/17/18)

	Count	Average	Min	Max	Total
Neighborhood Park	20	\$ 118,045	\$ 108	\$ 546,964	\$ 2,360,899
Community Park	6	\$ 780,544	\$ 40,634	\$ 3,026,718	\$ 4,683,263
<i>Total:</i>	26	\$ 270,929	\$ 108	\$ 3,026,718	\$ 7,044,162

Recent Changes Have Aimed to Address Spending Difficulties

Not only do these spending difficulties hinder the City's goal of providing recreational areas, but also leave the owners of the property without the use of a park. A 2017 change to the City's parkland dedication ordinance attempted to correct some of these issues by implementing the following changes:

- Allowed collection of parkland dedication funds to be used for improvements as well as acquisition and development;
- Combined community park zones A&B and C&D and dissolved neighborhood park zones in the ETJ;
- Prohibited parkland dedication funds that are encumbered as well as expended from being refunded; and
- Extended the right to refund term to 10 years from 5 years, but compelled the City to automatically refund landowners instead of requiring a written request.

Allowing funds to be used for improvements as well as acquisition and development of park land adequately expands the City's ability to spend park zone funds. In addition, as the funds must be spent in the zone they are collected, the City can demonstrate a reasonable connection between the need created and the benefit being received.

Similarly, combining community park zones allows for monies being collected to be spent more effectively. For instance, land where there is little development can be purchased to construct new community parks. This would previously have been more difficult because funds could only be spent where development was taking place. Thus, unless large swaths of land were dedicated, it was difficult to acquire enough land to warrant a community park.

Likewise, specifying that encumbered funds cannot be refunded protects the City from having a park acquisition or development planned or under contract and suddenly losing its funding. Finally, changing the refund limit to 10 years gives the City more time to spend contributed funds and decreases the risk that a needed park will not be developed.

However, requiring the City to automatically refund landowners could create a large administrative burden on City staff if the money is not expended or encumbered prior to the 10-year time frame.¹⁰ As of the end of fiscal year 2018, approximately \$867,000 has been collected with this refund expectation – presenting a potentially onerous burden if not spent within the 10-year time frame.

All this being said, there is some issue of expectation. The City's parkland dedication ordinance asserts that parks and recreational areas are required for the health, safety, and general welfare of the population. If the City fails to provide the benefit associated with the perceived need of its citizens it risks a loss of reputation.

¹⁰ This change was based on a recommendation from the Planning and Zoning Commission to automatically issue a refund to the developer for whom the fee was collected. Prior to this change being considered, the City's Legal staff advised the City Council that refunds should legally be issued to landowners, which will in many cases not be the developers.

Parkland Dedication Fee Collection Is Challenging

Parkland dedication fees are assessed and collected by Planning and Development Services staff through the City's TRAKiT system. Normally, this system automatically assesses parkland dedication fees to all multifamily building permits and residential final plats based on the number of bedrooms or dwelling units entered by the developer. A plans examiner or planner verifies these numbers before the fees are collected by Planning and Development Services cashiers as part of their normal duties. Developers are required to pay the assessed fees before the permit is issued or the plat is filed.

Due to the complexities of the ordinance described previously, many parkland dedication applicable projects do not go through the normal process. Instead they must receive additional approvals by the Parks and Recreation Department, the Parks and Recreation Advisory Board, and the Planning and Zoning Commission depending on why they are exceptions (see Appendix B). This could be because land is being dedicated, park developments are being constructed, or the project is vested to a previous fee schedule. These complications are discussed further in following sections.

In order to assess the effectiveness of the systems involved, we collected data for two different scopes: calendar years 2015 through 2017 and fiscal years 2016 through 2018. Table 5 presents a summary of the development records reviewed over the course of the audit in conjunction with our scopes:

Table 5: Reviewed Development Records

	CY15-CY17		FY16-FY18		Total Reviewed	
	Count	Amount	Count	Amount	Count	Amount
Multi-Family Permits	155	\$ 3,302,642	128	\$ 2,774,920	166	\$ 3,658,508
Residential Permits	361	\$ 730,548	348	\$ 728,026	370	\$ 748,202
New Construction Permits	4	\$ 812,536	3	\$ 812,536	4	\$ 812,536
Tenant Finish-Out	1	\$ 2,000	1	\$ 2,000	1	\$ 2,000
Final Plat	135	\$ 1,626,613	46	\$ 1,306,387	167	\$ 1,945,981
Development Plat	1	\$ 1,261	1	\$ 1,261	1	\$ 1,261
Mixed-Use Plat	6	\$ 16,250	1	\$ 16,250	7	\$ 16,250
<i>Total:</i>	<i>663</i>	<i>\$ 6,491,850</i>	<i>528</i>	<i>\$ 5,641,390</i>	<i>716</i>	<i>\$ 7,184,738</i>

Fee Assessment Systems Adequately Account for Collections

The City's TRAKiT system automatically assigns the correct fund account number to each record based on the address or parcel number. We evaluated the accuracy of this system by comparing each parkland dedication transaction's address on Google Maps to the Parks and Recreation Master Plan, and were able to verify that all 528 records paid between October 1, 2015 and September 30, 2018 (fiscal years 2016 to 2018) were categorized in TRAKiT correctly.

Parkland dedication fees are paid either during the final plat for single-family residences or at the building permit level for multifamily residences. In order to verify that fees were assessed to all appropriate records in TRAKiT, we sequentially reviewed all multi-family permit, final plat, and mixed-use final plat records between January 1, 2015 and December 31, 2017 (calendar years 2015 to 2017). Of the 663 records in this scope, 121 were not assessed a fee. These are broken down in Table 6 into “No Risk,” “Low Risk,” “Medium Risk,” and “High Risk” categories based on the likelihood that they were incorrectly not assessed a fee.

Table 6: No Fee Charged Risk (CY15-CY17)

Risk Level	No. of Records	Potential Dollar Value¹¹
High	5	\$ 16,036
Medium	1	\$ 189,150
Low	29	\$ 626,324
None	86	N/A
<i>Total:</i>	<i>121</i>	<i>\$ 848,974</i>

We verified that 5 records were incorrectly not charged a fee, resulting in an actual loss for the City of \$16,036. The records in question were typically redevelopment of a property that previously had a single-family dwelling. When the property was redeveloped as a duplex, the parkland dedication fee created by the additional dwelling unit was not charged. The amount of loss is less than 1 percent of the actual amount collected during this period and is thus immaterial, however, these errors exemplify the effects of ordinance complexity.

The Inaccuracies Identified are Not Material

The City of College Station’s current fee schedule requires each residential development to dedicate an amount of land and pay a park development fee based on the number of dwelling units (for single-family developments) or bedrooms (for multifamily developments) being built. The City’s ordinance allows for a fee to be paid in lieu of donating land and also allows for the developer to construct park developments instead of paying the park development fee.

We reviewed the submitted plans and additional documentation of each record with parkland dedication fees paid between October 1, 2015 and September 30, 2018 in order to verify that they had been assessed accurately.

We found 161 records that are incorrect, but 159 of them are related to one specific development. This development was charged an additional fee because they proposed building dwelling units with 5 bedrooms. The City determined that the developer should pay an additional \$91 for each dwelling unit – \$35 for neighborhood parks and \$56 for community parks. For these 159 records (211 dwelling units), however, the total additional fee of \$91 per

¹¹ This amount reflects the amount that would have been charged if the fees were collected based on the current fee schedule at the date of application.

unit was assessed entirely as a community park fee. This resulted in a total of \$7,486 being incorrectly accounted in Community Park Zone B, which should instead be moved into Neighborhood Park Zone 15.

Another record is for one specific apartment development, which should have been charged the current multifamily fee. Instead, single-family fees were charged for all except the neighborhood park development fee. This resulted in an over-charge of \$3,075 for Community Park Zone B and \$2,386 for Neighborhood Park Zone 1.

Finally, one single-family house was rebuilt as a duplex, which would warrant a total fee of \$1,261, however, they were actually charged \$2,533. Resulting in an over-charge of \$1,272. Although there are errors, the actual amounts in question are immaterial (i.e. less than 1% was incorrectly accounted and less than 1% was overcharged).

This being said, it was extremely difficult to reconcile the remaining records in our scope with a high degree of certainty. Therefore, we categorized these records into “No Risk,” “Low Risk,” “Medium Risk,” “High Risk,” and “Incorrect” transactions based on the documentation available. As can be seen in Table 7 below, it is telling that only 51% of the amount collected during our scope is at low or no risk level. This is mostly not due to the fault of the departments involved, but is instead due to outside factors that are further explored below.

Table 7: Remittance Risk – FY16-18 Scope

Risk Level	No. of Records	Total Dollar Value	Potential Dollar Value ¹²	At-Risk Amount	
				Under	Over
Incorrect	161	\$ 382,502	\$ 516,624	\$ 161,485	(\$ 27,363)
High	96	\$ 318,546	\$ 352,048	\$ 46,684	(\$ 13,182)
Medium	164	\$ 2,054,998	\$ 3,712,130	\$ 1,690,871	(\$ 33,740)
Low	45	\$ 70,616	\$ 245,358	\$ 174,742	(\$ 0.00)
No	61	\$ 2,814,718	\$ 2,814,718	\$ 0.00	(\$ 0.00)
<i>Total:</i>	<i>528</i>	<i>\$ 5,641,380</i>	<i>\$ 7,640,878</i>	<i>\$ 2,073,782</i>	<i>(\$ 74,284)</i>

Fee Assessment Is Complicated By Outside Factors

Parkland dedication requirement options make verifying payment amounts onerous. Dedication exceptions affected 31 records within our scope, accounting for \$755,915 or about 13 percent of the money collected. These exceptions involve a proposal from a developer to dedicate land, develop a park, or both. Proposals are discussed with Parks and Recreation staff and reviewed by the Parks and Recreation Advisory Board, but are ultimately approved or refused by the Planning and Zoning Commission.

¹² This amount reflects amount that would have been charged if fees were collected on this record based on the current fee schedule at the date of application.

These exceptions are at a higher risk because documentation for the dedication is often hard to associate with the records in question. For instance, large residential development final plat records typically have a parkland administrative approval form attached that is signed by the Director of Planning and Development Services, however, these are often not present for multi-family permit records. In addition, these forms may reference that parkland was dedicated, but may not reference how much or where to locate the final plat which has the dedicated land. This makes verifying land dedication and thus the fees that must still be paid difficult – not just for our staff, but also for Planning and Development Services.

State law requirements further muddle parkland dedication fee assessment. Vesting exceptions affected 299 records within the scope, accounting for \$1,724,334 or about 31 percent of the money collected. Texas Local Government Code 245 allows development projects to be vested to a certain date for specific types of licenses and fees, including parkland dedication fees. This means that if a developer began a project previous to the City's update to parkland dedication fees, the developer has the right to choose which fee schedule they wish to fall under. If we imagine parkland dedication fees did not vest, the City would have instead collected \$2,728,304 – a little over a \$1 million difference.¹³ While vesting parkland dedication fees is not an issue caused by the City, it does still impact the complexity – and thus administrative burden – of the City's parkland dedication fee structure.

¹³ This calculation accounts for developments that dedicated land or constructed park developments.

Recommendations

Based on our review, it appears that the primary cause of many of the audit findings detailed in this report are related to the complexity of the City's parkland dedication ordinance. As a result, we recommend the City consider several potential modifications to the ordinance. This being said, we hold the position that it is Council's responsibility to set policy, while management's duty is to carry out this policy direction effectively and efficiently. Therefore, policy decisions, such as determining the appropriate parks service level, are not addressed in the following recommendations.

The Director of Parks and Recreation should work with the Legal and Planning and Development Services Departments in considering the following modifications to the parkland dedication ordinance.

1. Modify the parkland dedication ordinance so that dedication requirements for multifamily developments are proportional to the fee-in-lieu of dedication. If this modification is not made, it could be as much as 6 times more costly for multifamily developments to dedicate parkland than to pay the fee-in-lieu of land.
2. Reduce the number of parkland zones to the fewest number of zones that is legally permissible. Eliminating the distinction between neighborhood and community parks zones should also be considered. But only if the total number of zones can be reasonably reduced to a number that will not adversely impact the timely construction of community parks. Ideally, the size of the zones should be based on information from empirical studies measuring how far people in the community travel to parks.
3. Modify or eliminate the discounts built into the park development fee. It is important to note that this will result in higher fees if all other variables remain constant. Therefore, the City Council's input should be sought as to the appropriate park service level and fees to be charged if this modification to the ordinance is to be considered.
4. Eliminate parkland dedication in the extra territorial jurisdiction (ETJ). Building and maintaining parks outside of city limits presents several challenges to a municipality. For this reason, very few cities require parkland dedication for developments in their ETJ.
5. Develop a more elegant parkland dedication methodology. The City's current parkland dedication ordinance is one of the most complex ordinances in the State. Multiple solutions should be considered in modifying the ordinance's methodology. The Director of Parks and Recreation should not only work with Legal and Planning and Development staff, but also consult with colleagues at other cities and experts within the field when considering modifications to the ordinance's methodology. Any changes made to the

ordinance should seek to simplify it instead of adding any additional layers of complexity.

In addition to the recommendations related to modifying the parkland dedication ordinance, the Director of Parks and Recreation should work with the City Manager's Office and the Planning and Development Services Department in considering the following:

6. Require Parks and Recreation staff to verify parkland dedication acres and parkland dedication fees that have been collected by Planning and Development staff. Although we found internal controls to be generally well designed, this segregation of duty will help ensure accurate land dedications and cash collections with minimal added cost.
7. Consider engaging the Texas Municipal League or other contract partners to advocate on the City's behalf to modify Texas Local Government Code 245. This state code allows development projects to be vested to a certain date for specific types of licenses and fees, including parkland dedication fees. The City should weigh the costs and the likelihood of success in eliminating or modifying this code against the costs and risks imposed on the City as a result of this legislation.

Appendix A: Management's Response

CITY OF COLLEGE STATION PARKS AND RECREATION DEPARTMENT PARKLAND DEDICATION AUDIT RECOMMENDATION RESPONSE FEBRUARY 15, 2019

Following is the response from the Parks and Recreation Department Director for each of the recommendations from the January 2019 Parkland Dedication Audit.

The Director of Parks and Recreation should work with the Legal and Planning and Development Services Departments in considering the following modifications to the parkland dedication ordinance.

1. Modify the parkland dedication ordinance so that dedication requirements for multifamily developments are proportional to the fee-in-lieu of dedication. If this modification is not made, it could be as much as 6 times more costly for multifamily developments to dedicate parkland than to pay the fee-in-lieu of land.

Answer: Agree. This item can be accomplished with the expected update of the ordinance in response to this audit.

2. Reduce the number of parkland zones to the fewest number of zones that is legally permissible. Eliminating the distinction between neighborhood and community park zones should also be considered. But only if the total number of zones can be reasonably reduced to a number that will not adversely impact the timely construction of community parks. Ideally, the size of the zones should be based on information from empirical studies measuring how far people in the community travel to parks.

Answer: Agree. While the number of Neighborhood Park Zones was recently reduced from 29 to 16, it was accomplished by removing the Neighborhood Zones located within the ETJ. I agree that we may be able to reduce the number of Neighborhood Park Zones within the City Limits even further by combining adjacent zones, while staying within close proximity and taking into account access barriers (natural and man-made).

I agree with combining the Neighborhood and Community Park distinctions into a single category of Parks. This will enable the City to include all park properties in the methodology calculations as well as be a major step in simplifying the Parkland Dedication Ordinance. I would like to keep the 2 Community Park Zones, however, to enable the City to spend collected funds from all of the Neighborhood Park Zones located within their respective Community Park Zones in order to not adversely impact timely construction/development of community parks.

3. Modify or eliminate the discounts built into the park development fee. It is important to note that this will result in higher fees if all other variables remain constant. Therefore, the City Council's input should be sought as to the appropriate park service level and fees to be charges if this modification to the ordinance is to be considered.

Answer: *Agree. The discounts can be removed with the inclusion of all parks into a single category, as they were applied only with the Community Park development calculations. Options, such as remaining at the current target service level of 7 acres per 1,000 population, adjusting the target to the current actual service level of 11 acres per 1,000 population, or even targeting the national average service level of 10 acres per 1,000 population, can be considered.*

4. Eliminate parkland dedication in the extra territorial jurisdiction (ETJ). Building and maintaining parks outside of city limits presents several challenges to a municipality. For this reason, very few cities require parkland dedication for developments in their ETJ.

Answer: *Agree. This will greatly simplify the Parkland Dedication Ordinance with both collections and expenses. Issues with Parkland Dedication requirements have, at times, become issues when working with developments located within the ETJ.*

5. Develop a more elegant parkland dedication methodology. The City's current parkland dedication ordinance is one of the most complex ordinances in the State. Multiple solutions should be considered in modifying the ordinance's methodology. The Director of Parks and Recreation should not only work with Legal and Planning and Development staff, but also consult with colleagues at other cities and experts within the field when considering modifications to the ordinance's methodology. Any changes made to the ordinance should seek to simplify it instead of adding any additional layers of complexity.

Answer: *Agree. The audit recommendations will go a long ways towards simplifying the ordinance. As these recommendations are applied to the ordinance's methodology, the resulting fees will be easier to understand, calculate, collect, and spend, while at the same time staying within the bounds of the ordinance guidelines, rules and purpose.*

In addition to the recommendations related to modifying the parkland dedication ordinance, the Director of Parks and Recreation should work with the City Manager's Office and the Planning and Development Services Department in considering the following:

6. Require Parks and Recreation staff to verify parkland dedication acres and parkland dedication fees that have been collected by Planning and Development staff. Although we found internal controls to be generally well designed, this segregation of duty will help ensure accurate land dedications and cash collections with minimal added cost.

Answer: *Agree. The Parks and Recreation Project and Asset Manager will be assigned this task, in conjunction with the Parks and Recreation Business Services Manager.*

7. Consider engaging the Texas Municipal League or other contract partners to advocate on the City's behalf to modify Texas Local Government Code 245. This state code allows development projects to be vested to a certain date for specific types of licenses and fees, including parkland dedication fees. The City should weigh the costs of the likelihood of success in eliminating or modifying this code against the costs and risks imposed on the City as a result of this legislation.

Answer: *Agree.*

Appendix B: Internal Control and Process Summary

Process Overview

Table 1 identifies the internal controls present in each process described on the following pages.

Table 1: Internal Controls

Process	Controls
Ordinance Update (page 3)	- Other City departments are included as necessary when identifying changes to make to the ordinance - Proposed ordinance changes are reviewed by the City Attorney's Office who actually rewrite the ordinance - The Parks & Recreation Advisory Board and Planning & Zoning Commission separately review the proposed ordinance and make their recommendation on whether to accept, modify, or reject the changes - The City Council takes into consideration the recommendations of staff, the Parks & Recreation Advisory Board, and the Planning & Zoning Commission when deciding whether to approve, reject, or modify the proposed ordinance - The Development Coordinator sets up a new fee schedule prior to the ordinance's effective date, but can set the schedules active date to match the effective date - Testing of the fee schedule occurs in TRAKiT Test prior to the effective date and again after the effective date to ensure it is assessing fees properly
Remittances (page 3)	- A contractor, developer, or citizen must submit an application through e-TRAKiT online or in Planning & Development Services in order to apply for a plat or permit - In order to receive a vested parkland dedication fee, the applicant must notify Planning & Development Services staff with information regarding their vested date - The vested date is verified by Planning & Development Services staff either by manually pulling the original final plat Mylar or verifying the electronic copy of the filed final plat in TRAKiT or Laserfiche - The fee is then modified by the Development Coordinator – documentation of why this change was made is recorded in TRAKiT's Chronology section - An Audit History report can be run to identify who made changes to fees if there is not supporting documentation - Applicant provided information is used to calculate fees based on the current fee schedule - The Spatial Advisor Rules program automatically attaches the appropriate fees to a plat or permit in TRAKiT and the custom screen data filed populate the fees - This program pulls information from the City's GIS which allows it to determine which park zone the permit (based on address) or plat (based on parcel) is in - During the review period, planners or plans examiners verify that the information in these fields is accurate

	• Applicants who wish to donate land or construct a park improvement must receive approval from Parks & Recreation and Planning & Development staff before putting this forward to meet the parkland dedication requirements • All plats eligible for parkland dedication must be reviewed by the Parks & Recreation Advisory Board who recommend whether or not to approve the submission ○ A preliminary plan is required prior to the submittal of any plats, which shows the proposed parkland dedication. If parkland dedication is approved by the Parks & Recreation Advisory Board as part of the preliminary plan they do not have to review and approve the subsequent final plats ○ This includes plats that have land donations • All plats are reviewed by the Planning & Zoning Commission who have final authority on approval of the submission after considering the Parks & Recreation's Advisory Board's recommendation ○ This includes plats that have land donations
Park Land Development & Maintenance (page 4)	• All expenditures go through Fiscal Services • Parkland dedication fees are accumulated and accounted for in special neighborhood and community park funds • Parkland dedication funded projects are reviewed by Fiscal Services and the City Attorney's Office to ensure these funds are being spent appropriately • The City has developed a process for identifying if a contractor or developer is appropriately requesting a refund for remitted parkland dedication fees • Park developments constructed by developers or contractors as part of the parkland development process submit their site plan to Planning & Development Services • Parks & Recreation is continually verifying the facilities, equipment, and other inventory items within their parks system

Ordinance Update Process:

1. About every three years Parks & Recreation staff decide to update the parkland dedication ordinance.
2. Planning & Development Services and Parks & Recreation staff then review the previous ordinance and decide what changes should be made.
3. The proposed ordinance changes are then reviewed by the City Attorney's Office who makes changes to the ordinance language as necessary.
4. The Parks & Recreation Advisory Board then reviews the proposed ordinance and makes a recommendation on whether to accept the ordinance as is, modify the ordinance, or reject the proposed ordinance.
5. The Planning & Zoning Commission reviews the proposed ordinance and makes a recommendation on whether to accept the ordinance as is, modify the ordinance, or reject the proposed ordinance.
6. City Council then reviews the proposed ordinance and the recommendations of staff, the Parks & Recreation Advisory Board, and the Planning & Zoning Commission.
7. Is the proposed ordinance accepted (either modified or unmodified) by the City Council? No: Return to step 2.
8. Yes: Has the fee schedule been changed?
9. Yes: Planning & Development's Development Coordinator sets up a new fee schedule in TRAKiT and sets the active date for the ordinance's effective date. Proceed to step 10.
10. No: Ordinance update complete.

Remittances Process:

1. A contractor, developer, or citizen submits an application for a parkland dedication eligible project.
2. Will the applicant construct park improvements? No: Proceed to step 7.
3. Yes: Applicant submits a park site plan to the Parks & Recreation Department.
4. Is the park site plan approved? No: Proceed to step 7.
5. Yes: The Parks & Recreation Advisory Board reviews the site plan.
6. Is the park site plan approved? No: Return to step 4. Yes: Proceed to step 7 (see Park Land Development and Maintenance Process).
7. Is the application for a plat or a permit?
8. Permit: Did the applicant specify that they were vested?
9. Yes: Vested date is verified by a Planner or the Development Coordinator.
10. The Development Coordinator adds the vested date fee to the current fee schedule and modifies the fee in TRAKiT for that specific permit. Proceed to step 12.
11. No: Fees are assessed within TRAKiT based on the current fee schedule.¹
12. Plans are reviewed by a Plans Examiner and custom fields used to calculate the parkland dedication fees are verified.²
13. The applicant pays the parkland dedication fees. Proceed to step 20.
14. Plat: The applicant meets with Parks & Recreation staff to discuss parkland dedication options and develop a preliminary plan. Plats are developed based on this plan.
15. Will the applicant dedicate land?³ No: Proceed to step 17.
16. Yes: The dedicated land is platted on the first plat of the development or a financial guarantee is provided to the City.

¹ At this time, multi-family fees are assessed based on the number of bedrooms in a development.

² If the fields are not correct, the plans examiners correct them.

³ It is highly unlikely that a permit applicant will dedicate land.

17. A plat is reviewed by a Planner and custom fields used to calculate the parkland dedication fees are verified.⁴
18. The Parks & Recreation Advisory Board reviews the proposed preliminary plan and makes a recommendation.
19. The applicant pays the parkland dedication fees and provides any necessary documentation for the dedication of land or construction of improvements. Proceed to steps 19 and 21.
20. See Planning and Development's Cash Handling Process.
21. The Planning & Zoning Commission reviews the proposed plat and the Parks & Recreation Board's recommendation.
22. Is the final plat approved? No: Return to 14.
23. Yes: Land is platted. Proceed to Park Land Development and Maintenance Process step 2.

Park Land Development and Maintenance:

1. The City purchases park land. Proceed to step 7.
2. Land dedication is approved by the Planning & Zoning Commission.
3. Planning & Development Services receives a Mylar copy of the dedicated land which shows the metes and bounds of all platted lots, including parkland. The Mylar is taken to the Brazos County Courthouse for recording and returned to Planning & Development Services where it is stored. Proceed to steps 4 and 5.
4. Ownership is filed with Brazos County for the dedicated land and the title is transferred to the City.
5. Planning & Development Services updates the City's systems to reflect new park land, including: uploading an electronic copy of the plat into TRAKiT and Laserfiche as well as entering the metes and bounds of the new park land into GIS.
6. Planning & Development Services notifies Parks & Recreation staff of the location and acreage of the dedicated land.
7. Parks & Recreation then updates their park inventory spreadsheet, which tracks where and how many acres of park land they have.
8. Was a parkland dedication development-in-lieu-of-fee approved?
9. Yes: Applicant submits a site plan to Planning & Development Services.
10. Planning & Development Services' Plans Examiners review the site plan.
11. Is the site plan approved? No: Return to step 9.
12. Yes: Applicant constructs park developments. Proceed to step 15.
13. No: Parks & Recreation maintains and develops park land.
14. City Accounts Payable Process.⁵
15. Parks & Recreation GIS Analyst verifies facilities, utilities, and other inventory items within park land. Return to step 8.

I hereby certify that the process narratives, corresponding flow charts, and internal controls described within accurately reflect my understanding of the Parkland Dedication Process.

Print Name: BRIDGETTE GEORGE
Sign Name: Bridgette George

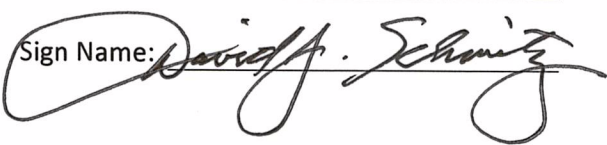
Date: 11/29/18
Title: Development Coordinator

⁴ At this time, single-family fees are assessed based on the number of dwelling units.

⁵ Parks & Recreation uses this process to account costs to capital projects – see the Fixed Assets Project Processes.

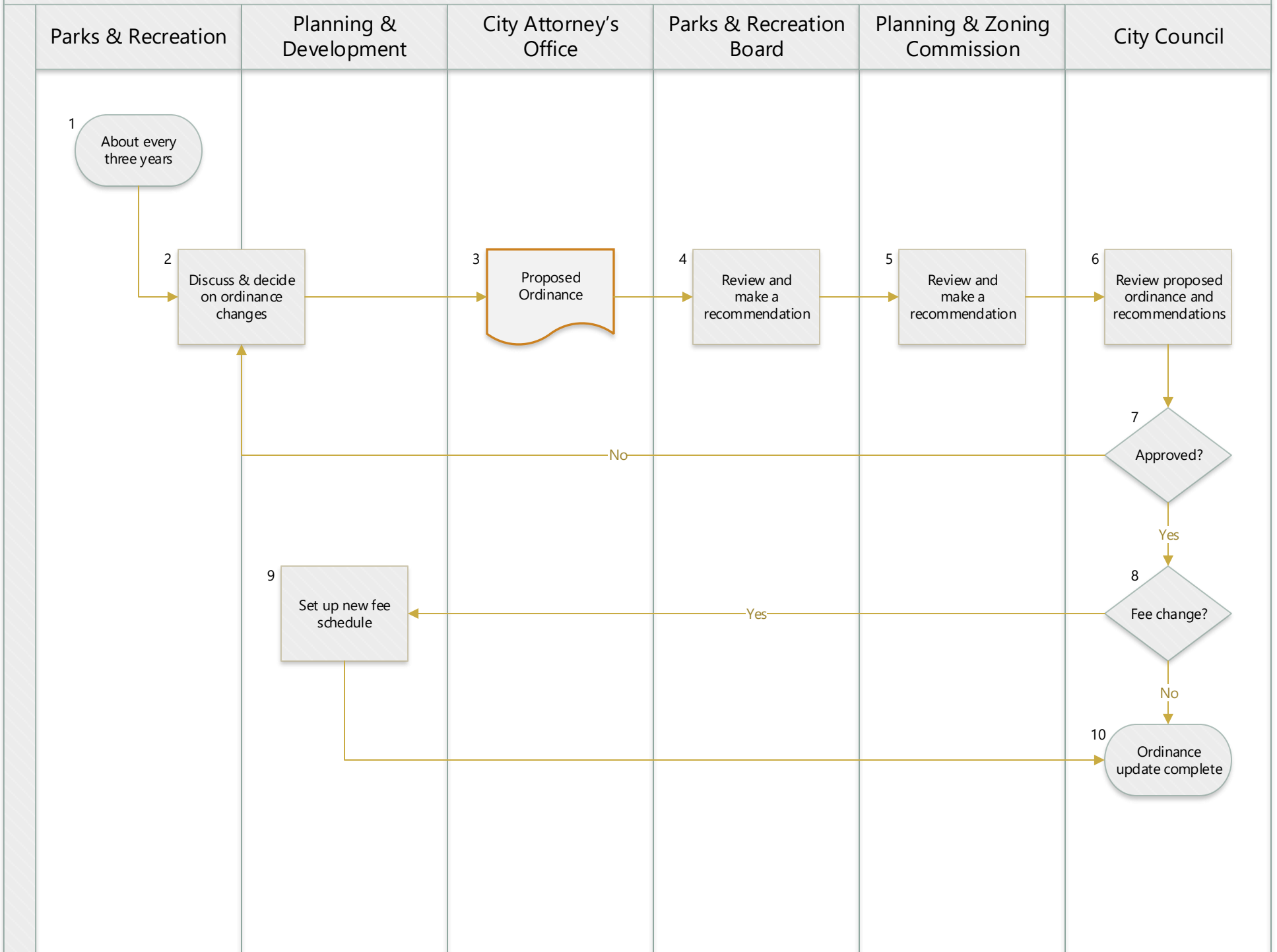
Print Name: DAVID SCHMITZ

Date: 11/28/16

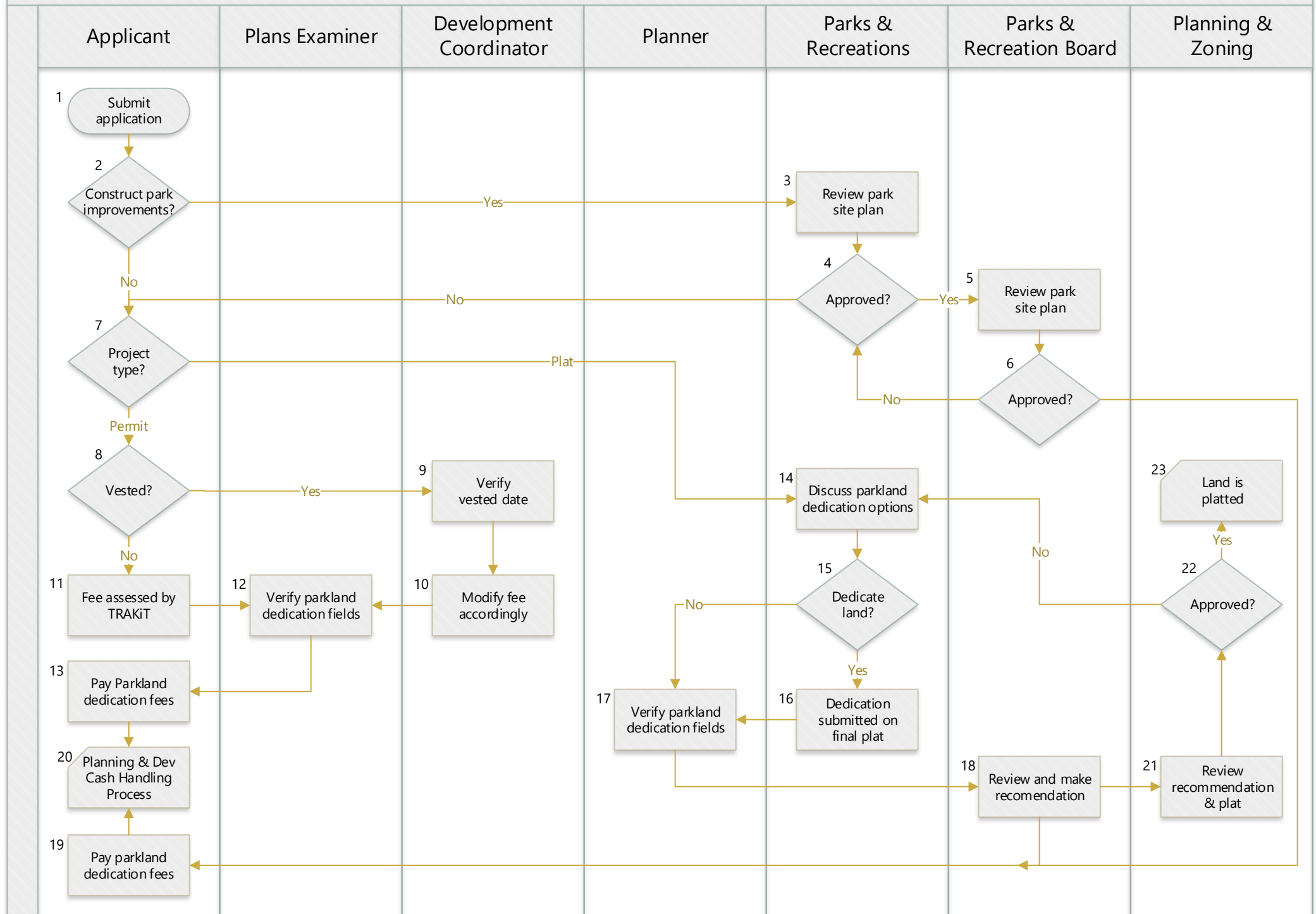
Sign Name: 

Title: Parks & Recreation Director

Parkland Dedication Ordinance Update Process



Parkland Dedication Remittances



Parkland Dedication and Maintenance Process

