

Parks Bond Construction Fund: Status of Improvement Projects

September 1998



Office of the City Auditor
Portland, Oregon



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
Audit Services Division

BARBARA CLARK, CITY AUDITOR
Richard Tracy, Director of Audits
1221 S.W. Fourth Ave., Room 310
Portland, OR 97204
(503) 823-4005 FAX: (503) 823-4459
www.ci.portland.or.us/auditor

September 30, 1998

TO: Vera Katz, Mayor
Jim Francesconi, Commissioner
Charlie Hales, Commissioner
Gretchen Miller Kafoury, Commissioner
Erik Sten, Commissioner
Charles Jordan, Director, Bureau of Parks and Recreation

SUBJECT: Audit of the Parks Bureau's Construction Fund

Attached is Audit Report #247, on the City of Portland's Bureau of Parks & Recreation Construction Fund. The Audit was conducted in accordance with our Fiscal Year 1997-98 Audit Schedule.

We have reviewed draft reports with staff from Commissioner Hales' and Commissioner Francesconi's offices, and from the Bureau of Parks and Recreation. They are in general agreement with the report's recommendations. Written responses are included at the back of the report.

As a follow-up to our recommendations we request a written status report in six months from the Director of the Bureau of Parks & Recreation, detailing steps taken to implement the report's recommendations. This status report should also be distributed to the Audit Services Division, the Commissioner in Charge of Parks GOBI Projects, and the Commissioner of Parks & Recreation.

We appreciate the cooperation and assistance we received from the Bureau of Parks & Recreation in conducting this audit and preparing the report.

Barbara Clark

Barbara Clark, CPA
City Auditor

Audit Team: Richard Tracy
Ken Gavette
Eric Hofeld

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A Report by the Audit Services Division
Report #247

Office of the City Auditor
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Desktop Publishing: Robert Cowan
Ellen P. Jean

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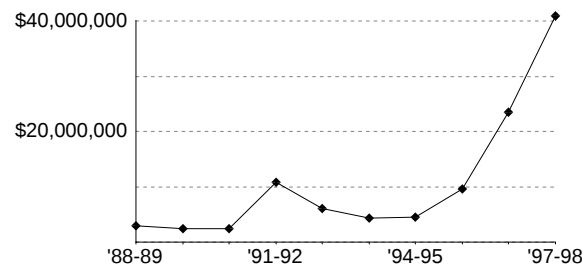
Chapter 1 Introduction

In November of 1994, Portland voters approved a \$58.8 million bond measure for improvements to the City's park system. The funds are managed by the Bureau of Portland Parks & Recreation and are used exclusively to support the capital improvement program. This audit reviews the progress of the Bureau toward meeting the goals of the parks bond construction program, more commonly referred to as the General Obligation Bond Initiative (GOBI). The audit was approved by the City Auditor and included in the Audit Services Division's FY 1997-98 Audit Schedule. We conducted our audit in accordance with generally accepted government auditing standards. We limited our work to those areas specified in the audit objectives, scope and methodology section of this report.

Background The Bureau of Portland Parks & Recreation's mission is to ensure access to leisure opportunities and to enhance Portland's natural beauty by operating and maintaining the City's system of parks and open spaces, offering recreation and leisure activities, and sponsoring special events. Residents consistently rate the overall quality of the City's park system very high.

Prior to the 1990's, Parks capital improvement spending was relatively modest. From 1958 to 1989, the Bureau did not have levies or bond measures to support capital improvements. In 1989, voters approved a \$7.3 million three-year serial levy, and in 1994 voters passed the \$58.8 million GOBI bond.

Figure 1 Portland Parks & Recreation capital expenditures (adjusted for inflation)



SOURCE: City of Portland budget documents

In 1986, the Bureau initiated the Park Futures project. The purpose of the project was to create a vision for the parks system for the next 50 years, to identify major issues and problems, and to establish policies to guide park development. The Park Futures report was issued in November of 1991, and made recommendations for improving specific parks. The report, and subsequent park facility assessments conducted by Bureau staff and outside consultants, identified approximately \$100 million of needed capital improvements. Those studies formed the framework for a

proposal presented to City Council in May, 1994, seeking permission to ask voters to approve a general obligation bond initiative totaling \$58.8 million.

The proposal submitted to City Council listed 114 projects in 99 parks around the City. Most projects consisted of multiple improvements ranging from improved paths and lighting, new irrigation systems and playground equipment, to the construction of two new community centers. The list presented to Council detailed specific improvements at certain parks along with estimated costs. In preparation for a public vote, the Bureau distributed public notices throughout the City describing the projects. Voters approved the measure in November, 1994.

On June 17, 1998, City Council approved a resolution referring a second general obligation bond measure to voters this November. This measure asks for \$64.8 million to fund additional capital improvements identified by the Bureau.

GOBI budget and schedule

The overall GOBI budget includes about \$60 million for projects, \$3.5 million for overhead expenses, and \$3.7 million for construction contingencies. In addition to the \$58.8 million in bond proceeds, the Bureau generated additional funds for the GOBI program from interest earnings, and \$7.2 million from other sources such as the Americans with Disabilities Act (ADA) funds, public contributions, and corporate partnerships. In order to keep administrative costs and general overhead to a minimum, the Bureau established a goal to complete all the projects by April, 2000.

The original proposal to City Council by the Bureau estimated that the net annual operating costs of the GOBI projects would be approximately \$500,000. Of that amount, City Council pledged to contribute \$250,000, with the Bureau making up the remainder through operational improvements and/or increases in revenue.

While staffing and administrative costs have remained relatively steady since the program's inception, construction related spending on GOBI projects reached a peak in FY 1997-98. The following table shows GOBI spending and staffing trends.

Table 1 GOBI expenditures and staffing

	Expenditures	Staffing
FY 1994-95	\$ 887,871	16.9
FY 1995-96	\$ 5,205,424	17.7
FY 1996-97	\$16,620,045	17.7
FY 1997-98	\$27,030,223	17.6
FY 1998-99 ⁽¹⁾	\$15,274,286	17.8

⁽¹⁾ Adopted Budget

SOURCE: City of Portland budget documents

Program management and administration

The GOBI program is managed by an Architectural Supervisor and a professional staff of sixteen. The staff have architectural, construction, and facility management backgrounds. Individual projects are assigned to Project Managers who are responsible for projects from start to finish. Project Managers schedule public meetings, refine

project elements within the assigned budget, conduct the design and construction bidding process, and oversee the design and construction phases. Project Associates assist the managers throughout the process. Construction Managers work on a daily basis with contractors to ensure quality, timeliness, and effectiveness during the construction process. Several teams of three staff are working on projects at any given time, although Project Associates may work on smaller projects without Project Managers.

From the beginning the Bureau created a detailed public involvement strategy. Each project was designated as either a Level 1, 2, 3, or 4 project. Level 1 and 2 projects involve major redevelopment or construction at regional or City-wide parks or facilities. Level 3 projects are more moderate in scale, involving renovation of neighborhood parks and facilities. Level 4 projects are smaller-scale projects involving a community garden or improvement of a single park feature. The degree of public input depends on the complexity of the project. For example, Level 1 projects, such as community centers, have a Citizens Advisory Committee and require a series of public meetings held at various stages in the process, in addition to notifying residents throughout the region. Level 3 projects are smaller in scope, generally requiring no more than three meetings.

Regardless of the size or complexity of the projects, the Bureau mailed a variety of newsletters and announcements of meetings to area residents. Other public information techniques included signs in parks, press releases, displays, and cable television shows.

**Audit objectives,
scope, and
methodology**

This audit has three main objectives:

- 1) To assess the progress in completing the GOBI program in accordance with the project's planned scope, schedule and budget;
- 2) To identify factors that caused deviations in the program's scope, schedule and budget;
- 3) To assess the accuracy of the Bureau's estimates of ongoing operating and maintenance costs for GOBI projects.

To accomplish these objectives, we created a project database of the 114 GOBI projects. We asked GOBI staff to submit information on the scope, budget, expenditures and status of each project. We verified the accuracy of the information by reviewing project records, interviewing GOBI staff, and visiting project sites. During the course of our review we visited about one-third (22) of the completed project sites to confirm that improvements were made as reported by the Bureau.

Using this information, we analyzed the extent to which the Bureau has met the program's proposed scope, budget and schedules. We used historical information to project the Bureau's ability to complete the projects on time and within budget.

We also interviewed representatives from Commissioners Hales' and Francesconi's offices, the Director of Portland Parks & Recreation, the director of the Bureau's capital program, the City's Director of Financial Planning, and members of the public. We reviewed Bureau reports on park conditions as well as financial projections concerning

the GOBI fund and its projects. We also reviewed consultant reports of proposed GOBI projects and spoke with their authors.

To assess the accuracy of the Bureau's estimates of ongoing operating and maintenance costs for GOBI projects, we reviewed and compared the Bureau's summary of costs and savings to our database of project scope changes, consultants' reports, and our analysis of Bureau financial records. Specifically, we traced estimated costs and savings back to available workpapers, and tested the workpapers for accuracy, reasonableness and consistency. We reviewed consultant reports for the East Metro Community Center and Southwest Community & Aquatics Center and tested the underlying assumptions and methodology for reasonableness by comparing estimated to actual FY 1997-98 results.

The primary objective of our audit work was to assess the Bureau's progress in completing the GOBI program in accordance with planned scope, schedule, and budget. As a result, we did not examine in detail the efficiency or effectiveness of individual GOBI project management. Specifically, we did not assess the quality of the public involvement process, test compliance with public bidding and contracting rules, or evaluate the performance of individual contractors.

Chapter 2 Audit Results

Summary The Bureau of Portland Parks & Recreation has made significant progress toward completing the major capital improvement program passed by voters in November, 1994. As of August, 1998, one hundred and three (103) of the 114 General Obligation Bond Initiative (GOBI) projects were either completed, under construction, or in design. We estimate that at least 94% of the projects will be completed within the five-year time frame originally planned by the Bureau. In addition, our analysis indicates that most parks improvements are either consistent with the initial bond proposal or reflect changes and enhancements requested by the public. While some projects will receive fewer improvements than planned, only two of 114 GOBI projects will be canceled.

During the course of the GOBI program, the Bureau responded to a number of challenges that affected project scope, schedules, and budget. The most significant challenges were: insufficient contingency amounts, an extensive and time-consuming public involvement process, and unanticipated delays and costs associated with a booming construction market. Although these factors affected the schedule and cost of some projects, the GOBI staff will complete projects largely as proposed in the 1994 bond measure.

Our analysis also indicates that the Bureau will probably have to spend more each year to operate and maintain the projects than anticipated. While it is difficult to accurately determine the annual operating and maintenance costs of projects until they are complete, we estimate that the Bureau may need from \$285,000 to \$370,000 more than originally proposed to City Council.

The Bureau has recognized and responded well to the various factors that affected project scope, costs, and schedule. In addition, the Bureau plans to make several improvements for planning and implementing future capital projects. Specifically, they propose to set aside more dollars for complex projects, to budget more fully for permits and land use applications, and to develop a better methodology for estimating inflation, bond issue and overhead costs, and ongoing operating costs. We make several recommendations to help the Bureau further improve the management of future capital improvement projects.

**Program will be
substantially
complete in five years**

Although there is no legal requirement to finish the GOBI projects by a certain time, the Bureau set a goal to complete the projects within five years, starting in April of 1995 and ending in April of 2000. According to Bureau management, the ambitious time frame was established in order to reduce administrative costs and to maximize the resources available for improvement projects.

After three years and three months, 62% of the projects are complete and 14% are under construction. Another 22% are in various phases of design or planning. Table 2 shows the status of GOBI projects as of August, 1998.

Table 2 Status of GOBI Projects as of August, 1998

	Number	Percent
Completed	71	62%
Under construction	16	14%
In design	16	14%
In planning	9	8%
Canceled	2	2%
TOTAL	114	100%

SOURCE: Portland Parks & Recreation and Audit Services Division review

Based on our review of the status of remaining projects, we estimate that at least 107 (94%) of the 114 projects will be completed within the Bureau's five-year time frame. We found that two projects were canceled and that five other projects could experience delays beyond April, 2000. The Walker Stadium project was canceled because it required much more funding to complete than initially planned, and the Vermont Community Garden project was canceled because the Bureau could not obtain permission from the private property owner to build a fence.

We believe that as many as five other projects may not be complete by April, 2000 based on their current planned start dates, and the program's experience with projects of similar size. Of the 71 completed projects, more than one-quarter were completed 180 days later than the Project Manager's proposed schedule, while about 40 percent were finished between 60 and 180 days later than scheduled. Twenty-eight percent were finished on time or within 30 days of the planned schedule.

Two other projects will not receive improvements as initially envisioned: O'Bryant Square and the North Park Blocks. Both of these projects will undergo a more thorough "master plan" to identify the type of features and improvements most needed and desired by the public and Bureau officials.

Most of the projects meet or exceed planned scope

The GOBI improvement projects will largely address the capital needs identified and proposed in the 1994 bond measure. As shown in Table 3, 60% of the projects that are completed, under construction, or in design, will match or exceed the number and type of improvements initially planned by the Bureau. Thirty-two percent of the projects added new features while eliminating others. Only 8% will have eliminated planned improvements, without adding others.

Table 3 Comparison of original to final scope of GOBI projects

Projects including all elements of original scope:

No changes to scope	28%
Elements added to original scope	32%
	60%

Elements deleted *and* others added **32%**

Elements deleted from original scope **8%**

NOTE: excludes projects not yet in design or construction

SOURCE: Audit Services Division review of GOBI project files

Of 33 projects where improvements were added, the most common additions were drinking fountains, sidewalks and landscaping. In 33 projects where features were both added and deleted, the most frequently deleted elements were restrooms and lighting, while the most frequently added elements were landscaping, park furnishings, drainage improvements, and paths. Eight projects also had elements such as irrigation, lighting and fencing eliminated without having others added. Overall, the most frequently deleted items were restrooms and lighting, while the most frequently added items were landscaping, drinking fountains, and sidewalks.

Ten projects valued at \$3.4 million do not yet have firm cost estimates. As with previous completed projects, GOBI staff may find it difficult to meet all expectations for the remaining projects within the available budgets. However, it appears that the remaining contingency of about \$500,000 should be sufficient to cover costs associated with these projects.

Project staff told us that the deletion of planned features and additions of new improvements were most often the result of requests from park users and recommendations from Parks operations staff. Neighbors and park users were given the opportunity to prioritize spending based on the type of features most desired within the limits of the available funding. Parks staff also recommended changes in the scope of work if original improvements proved not as important as new needs or problems identified after the initial bond proposal.

To evaluate the justifications for changes and the adequacy of documentation supporting the changes, we reviewed project files and interviewed Project Managers. In most cases, we found documentation of public meetings where original proposals and changes were discussed and public input accepted, and in many cases detailed analysis of options considered during the decision-making process. In some cases, surveys were administered to solicit public input and reassess budget priorities. In virtually every case, we found newsletters sent to the public announcing public meetings, detailing both proposals and recommended changes, and asking for input. For more complex projects, Project Managers prepared reports detailing the public input and decision-making process, the public involvement process, and reasons for scope changes.

**Factors affecting
project scope, costs
and schedule**

Through our discussions with Project Managers and review of project files, we found that a number of factors contributed to changes in the planned scope, costs and schedule of GOBI projects. We believe the following factors had the most influence.

- original program contingency amount was not sufficient to cover uncertainties
- public involvement added more time and costs than originally anticipated
- a busy regional construction market slowed building and land-use decisions and contributed to cost escalation
- the Bureau had little experience conducting a complex, multi-year capital construction program

Insufficient program contingency

The original cost estimates prepared by the Bureau and approved by the Council for the ballot measure lacked sufficient contingency to respond to unforeseen or unanticipated costs. While the program initially set aside 5% contingency for each project, plus an additional \$3.5 million for general contingency, this amount proved inadequate. In particular, older buildings and pools needed more renovation work than anticipated. As a result, managers had to modify plans and budgets, search for efficiencies, and use contingency funds.

Construction cost estimators we talked to indicated that contingency estimates of 25% to 30% of total costs is more appropriate for facilities and projects where little or no design work has been performed. We estimate that the Bureau should have set aside at least \$2 million more in contingency, based on the initial cost estimates for facilities improvements. The additional contingency set-aside would have been available to cover scope changes, extra permit costs and construction requirements that were not anticipated in the original planning.

Public involvement added time and costs

Although the GOBI staff initially planned for an extensive public involvement process, they were surprised by the intensity of public involvement needed to carry out the projects. The amount of feedback and the length of time required to communicate and obtain public input was much more than expected. Even small projects often required several meetings to assess neighborhood priorities. On larger projects with complex land use issues, public debate over location and project scope led to additional costs and long schedule delays.

In addition, in response to input received from neighbors and citizens, the Bureau added a number of enhancements to projects. These enhancements added to the cost of these projects, impacting the amount of funding available for other projects. For example, several pools received significant improvements over original proposals. Sellwood Pool costs increased by \$500,000 in order to add water slides, zero-depth entry, and interactive water features. Wilson pool costs increased by over \$250,000 to include a larger bath house, changing room, and concession area.

Busy construction environment

The GOBI construction program coincided with the busiest construction period in at least the last decade. As a result, GOBI staff told us that the procedures for obtaining building permits and land use approvals required more time and effort than initially planned. In addition, construction cost escalation during the GOBI program has exceeded normal rates. Although normal construction escalation rates for the past few years have been in the range of 3 to 5 percent, one construction expert we spoke with estimated cost escalation at 15% in 1997. GOBI managers told us that on a few occasions, the program re-bid construction projects in order to obtain more affordable costs.

Inexperience conducting large capital improvement program

In order to carry out the GOBI program, the Bureau formed a new team of project and construction managers and administrators. Although the staff were competent professionals with experience in landscape design and project management, the Bureau had no experience planning and implementing a large capital improvement program. The

team had to develop new systems and methods for planning, organizing, and directing a large, multi-year capital construction effort. Many of the early delays in project schedules may be due in part to the difficulty in developing program controls and methods that could adequately anticipate the amount of time and effort needed to build a variety of projects in 99 locations throughout the City.

Project Managers we talked to most often cited high workload and optimistic schedules as the major reasons for delays early in the program. Although most Project Managers are currently assigned between five and ten projects, one Project Manager was originally assigned 16 projects at once. GOBI managers indicated that early workloads were intentionally set high to increase staff productivity.

**Operating and
maintenance costs
will exceed original
estimates**

It is difficult to accurately determine the net ongoing maintenance and operating costs of the GOBI improvements because few of the major projects are complete at this time. However, our preliminary assessment indicates that the Bureau's original estimate of \$500,000 may be understated from \$285,000 to \$370,000. As a result, the Bureau will need to cover these higher costs by increasing recreation revenues, generating internal savings within their existing budget, and/or obtaining more General Fund support.

As shown in Table 4, the Bureau originally estimated that the GOBI improvements would require an annual subsidy of about \$500,000 to cover additional ongoing operating and maintenance costs. City Council and the Bureau agreed that the Bureau would receive an additional appropriation of \$250,000, but would cover the remainder

of the new costs through increased recreational revenues and/or cost savings from operational efficiencies.

Table 4 Projected annual net operating and maintenance costs for Parks GOBI Projects (1994 Bureau estimates)

	Net operating costs
East Metro Community Center	\$ 251,502
Mt. Scott Community & Aquatics Center	94,019
Southwest Community & Aquatics Center	226,300
East Delta softball fields	0
Northeast soccer fields	47,991
Southwest soccer fields	47,991
John Luby Park development	36,352
Lincoln Park development	36,352
TOTAL DEFICIT new facilities	\$740,507
Projected annual savings from renovating of existing facilities	– \$243,747
Annual O&M costs	\$496,760

SOURCE: Parks Bureau schedule of GOBI O&M costs

Our review of the status of complete and incomplete GOBI projects indicate that net operating costs will likely exceed initial projections made by the Bureau in 1994. Currently, only two major new facilities have been completed: East Metro Community Center and East Delta softball fields. Although East Delta softball fields were projected to be self-supporting, revenues have not yet materialized and the Bureau estimates the fields will currently require an operating subsidy of \$185,000 annually for the next three years.

In addition, the net operating cost of the East Metro Community Center was projected at \$251,502; however, based on the first three months of operation, it appears that the net annual cost could go as high as \$268,000. Bureau managers point out that as the Center becomes fully operational additional revenues and costs will likely change the net operating cost of the Center.

It also appears that parks renovations will not generate the level of savings initially projected. While the Bureau projected annual savings of \$243,747, we estimate the savings could be as much as \$168,500 less. We base this estimate on several factors. First, during the course of project planning, several project elements that were estimated to result in net operating savings of \$31,900, were canceled and eliminated from the program. Second, the Bureau could not provide any support or documentation for \$25,941 of “other” savings identified in the initial projections. Finally, the Bureau recently revised savings estimates downward by 37% for 28 projects that were completed or nearing completion, for a total of \$41,824. If the percent of savings realized for the remaining projects remains the same, final savings would decline again by more than \$68,760.

We are also concerned that estimated net operating costs for the Southwest Community & Aquatics Center and the Mt. Scott Community Center, currently under construction, may be higher than originally estimated. We base our concern on the following reasons. First, we could not obtain any documentation that fully described the assumptions that were used to project revenues and costs at the Southwest Community & Aquatics Center. The Center

Table 5 Estimates of additional GOBI operating and maintenance costs

	Low	High
East Delta softball fields ⁽¹⁾	\$185,000	\$185,000
East Metro Community Center	0	17,000
Reductions in projected savings	100,000	168,500
Estimated additional O&M costs	\$285,000	\$370,500

⁽¹⁾ Three year subsidy. Bureau estimates that the fields will be self-supporting in year four.

NOTE: Only includes facilities for which sufficient detail is available to make an estimate

SOURCE: Auditor and Bureau estimates

is currently projected to recover about 77% of its operating costs from program revenues. This rate is significantly higher than the cost recovery at other Bureau centers. While the Bureau points out that this center will have unique facilities and programs, we are uncertain that cost and revenue estimates are based on reasonable assumptions.

Second, the final design of the Mt. Scott Community Center is different from the original project on which operating costs and revenues were initially projected. Several features, including a new pool and parking lot, have been added to the Mt. Scott Center that will add both new costs and revenues.

We could not identify the assumptions used in consultant reports which supported the operating costs or revenues originally projected for major new facilities. In addition,

there was no mechanism for assessing and updating the impact of scope and design changes on the Bureau's overall operating and maintenance commitment. While the Bureau has expressed its commitment to abide by its agreement with Council to cover any operating costs over \$250,000, we are concerned that the additional annual cost of operating the GOBI projects may have a detrimental effect on existing recreational and maintenance programs.

Chapter 3 Recommendations

The Bureau of Portland Parks & Recreation has acknowledged and adjusted to many of the factors that contributed to changes in the scope, budget, and schedule of the GOBI projects. The Bureau stated that various actions will be taken to improve the planning and implementation of future capital projects. In order to help the Bureau continue to improve their systems and procedures, we recommend that the Bureau:

- 1. Develop and implement a comprehensive capital project planning and estimating model that incorporates all costs. Project cost estimates should include evidence that each of the following elements have been considered and included:**
 - a. Construction cost escalation.**

Estimates for construction cost escalation should be based on realistic project start dates and reasonable escalation rates. Assumptions about start dates, construction cost escalation rates, and calculations of the amount of escalation should be well documented.

b. Program and project contingency funding.

The amount of money set aside in a contingency fund for project changes should be: 1) sufficient to cover unknown situations encountered during construction, based on professional judgement and past experience; 2) well explained and documented; and 3) project specific.

c. Project management, planning, and start-up costs.

Costs such as project management, public meetings and involvement, building and land- use permits, other City bureau services and costs, initial furnishings, equipment and supplies, and security systems, need to be estimated and included as part of each project's total cost. Assumptions and calculations for each of these costs should be well documented. They should also be updated as necessary during the planning and design phases of each project.

d. Net ongoing operating and maintenance costs.

A detailed, rigorous, and systematic approach to estimating participation, revenues, and expenditures should be developed and implemented. The assumptions, methodology, and calculations should begin with historical experience and be reasonably accurate and well documented.

2. Revise the project planning and estimating model when significant timing or scope changes are proposed.

The impact of changes on each of the elements described above should be recalculated, formally reviewed, and approved by the Bureau's capital improvement, administration, operations, and financial staff before changes are implemented. Additionally, the Bureau's 5-year Financial Plan should also be updated to include the estimated impact of any changes.

Appendix A List of GOBI projects, budgets, and status

Project #	Project Name	Original Budget	Bond Budget	Other Funding	Total	Status as of 8/98
1	Adams Community Garden ⁽¹⁾					Complete
2	Alberta Park	\$232,580	\$220,912	\$97,912	\$318,824	Complete
3	April Hill Park	\$65,414	\$85,072	\$0	\$85,072	Complete
4	Arbor Lodge Park	\$272,514	\$180,164	\$0	\$180,164	Complete
5	Berkeley Park	\$264,252	\$236,675	\$0	\$236,675	Under Construction
6	Berrydale Community Garden ⁽¹⁾					Complete
7	Bloomington Park	\$225,152	\$219,217	\$0	\$219,217	Complete
8	Brooklyn Park	\$222,860	\$167,002	\$17,821	\$184,823	Complete
9	Burlingame Park	\$182,278	\$131,616	\$33,000	\$164,616	Design
10	Cathedral Park	\$247,627	\$241,862	\$0	\$241,862	Design
11	Clinton Park	\$303,125	\$265,035	\$0	\$265,035	Complete
12	Clinton Community Garden ⁽¹⁾					Complete
13	Columbia Park	\$164,605	\$73,379	\$113,150	\$186,529	Complete
14	Col. Summers Comm. Garden ⁽¹⁾					Complete
15	Community Music Center	\$57,000	\$66,075	\$730,338	\$796,413	Under Construction
16	Couch Park	\$105,786	\$54,778	\$0	\$54,778	Complete
17	Council Crest Park	\$600,000	\$640,493	\$1,800	\$642,293	Under Construction
18	Creston Park	\$254,507	\$177,915	\$0	\$177,915	Under Construction
19	Creston Pool ⁽²⁾					Complete
20	Crystal Springs Rhodo. Garden	\$220,400	\$221,681	\$76,500	\$298,181	Complete
21	Custer Park	\$233,093	\$241,210	\$78,203	\$319,413	Complete
22	Dawson Park	\$91,560	\$43,989	\$0	\$43,989	Complete
23	Duniway Park	\$289,616	\$207,917	\$0	\$207,917	Complete
24	East Delta Sports Fields	\$2,280,000	\$2,611,473	\$466,179	\$3,077,652	Complete
25	East Delta District Office	\$77,101	\$91,297	\$0	\$91,297	Not assigned
26	East Metro Community Center	\$5,000,000	\$5,217,172	\$426,048	\$5,643,220	Complete
27	Ed Benedict Park	\$500,000	\$492,584	\$1,045,128	\$1,537,712	Complete
28	Erv Lind Stadium	\$120,000	\$457,471	\$0	\$457,471	Design
29	Essex Park	\$206,200	\$205,101	\$39,204	\$244,305	Complete
30	Farragut Park	\$296,759	\$293,326	\$0	\$293,326	Planning
31	Flavel Park	\$70,911	\$83,237	\$0	\$83,237	Complete
32	Front & Curry Community Garden ⁽¹⁾					Complete
33	Fulton Community Garden ⁽¹⁾					Complete
34	Gabriel Park	\$500,000	\$552,160	\$101,201	\$653,361	Under Construction
35	Gabriel Community Garden ⁽¹⁾					Complete
36	George Park	\$57,348	\$67,289	\$0	\$67,289	Complete

Project #	Project Name	Original Budget	Bond Budget	Other Funding	Total	Status as of 8/98
37	Glenhaven Park	\$323,583	\$251,314	\$0	\$251,314	Complete
38	Glenwood Park	\$104,177	\$116,766	\$0	\$116,766	Complete
39	Grant Park	\$359,844	\$274,788	\$160,671	\$435,459	Complete
40	Grant Pool ⁽²⁾					Complete
41	Hamilton Park	\$178,330	\$186,526	\$0	\$186,526	Complete
42	Harrison Park	\$141,416	\$147,111	\$0	\$147,111	Complete
43	Healy Heights Park	\$30,501	\$43,078	\$0	\$43,078	Complete
44	Hillside Community Center	\$704,687	\$834,827	\$13,700	\$848,527	Complete
45	Hillside Park - combined w/ C.C.					Complete
46	Holladay West Park	\$1,560,000	\$935,474	\$0	\$935,474	Planning
47	Hoyt Arboretum	\$264,000	\$281,534	\$0	\$281,534	Design
48	Interstate Firehouse Cultural Center	\$90,000	\$69,329	\$0	\$69,329	Complete
49	Irving Park	\$301,382	\$197,958	\$127,646	\$325,604	Complete
50	Johnson Creek Park	\$110,000	\$132,097	\$36,000	\$168,097	Planning
51	Kenilworth Park	\$219,856	\$152,330	\$40,801	\$193,131	Complete
52	Kern Park	\$100,320	\$107,665	\$0	\$107,665	Complete
53	Knott Park	\$331,000	\$343,331	\$54,333	\$397,664	Complete
54	Ladd's Circle and Squares	\$44,220	\$48,309	\$3,452	\$51,761	Complete
55	Lair Hill	\$300,000	\$285,977	\$43,764	\$329,741	Complete
56	Laurelhurst Park	\$750,000	\$728,876	\$121,749	\$850,625	Complete
57	Lents Park	\$187,496	\$217,994	\$80,952	\$298,946	Complete
58	Lincoln Park	\$900,000	\$812,486	\$0	\$812,486	Design
59	John Luby Park	\$900,000	\$829,343	\$0	\$829,343	Design
60	Marquam Nature Park	\$52,440	\$73,692	\$0	\$73,692	Planning
61	Midland Park	\$30,000	\$42,128	\$0	\$42,128	Complete
62	Montavilla Comm. Center and Pool	\$960,000	\$574,421	\$40,877	\$615,298	Complete
63	Montavilla Park	\$330,000	\$346,796	\$98,730	\$445,526	Under Construction
64	Mt. Scott Comm. Center and Pool	\$5,000,000	\$5,807,612	\$0	\$5,807,612	Design
65	Mt. Scott Park	\$228,531	\$255,044	\$0	\$255,044	Design
66	Mt. Tabor	\$2,265,991	\$1,660,997	\$0	\$1,660,997	Design
67	Multnomah Art Center	\$504,044	\$506,759	\$216,120	\$722,879	Design
68	Normandale Park	\$272,492	\$296,826	\$250	\$297,076	Complete
69	North Park Blocks	\$222,000	\$208,807	\$0	\$208,807	Planning
70	Northeast Soccer Fields ⁽³⁾	\$800,000				Under Construction
71	Northgate Park	\$232,997	\$171,221	\$47,960	\$219,181	Complete
72	Oaks Bottom	\$65,250	\$74,121	\$36,357	\$110,478	Complete
73	O'Bryant Square	\$180,000	\$202,783	\$0	\$202,783	Planning
74	Oregon Park	\$315,000	\$229,895	\$0	\$229,895	Complete
75	Overlook House	\$45,000	\$54,986	\$150,000	\$204,986	Design
76	Overlook Park	\$267,229	\$221,221	\$0	\$221,221	Planning
77	Pendleton Park	\$116,201	\$110,235	\$32,000	\$142,235	Planning
78	Peninsula Community Center	\$1,400,000	\$2,000,586	\$101,288	\$2,101,874	Under Construction
79	Peninsula Park	\$500,000	\$402,874	\$0	\$402,874	Under Construction
80	Peninsula Park Rose Garden	\$495,000	\$501,413	\$0	\$501,413	Under Construction
81	Pier Park	\$1,013,440	\$1,087,686	\$375,985	\$1,463,671	Complete
82	Pioneer Courthouse Square	\$36,000	\$30,586	\$5,500	\$36,086	Complete
83	Pittock Mansion (In & Out)	\$625,000	\$1,230,205	\$131,000	\$1,361,205	Design
84	Plaza Blocks	\$1,000,000	\$525,997	\$50,000	\$575,997	Under Construction

Project #	Project Name	Original Budget	Bond Budget	Other Funding	Total	Status as of 8/98
85	Portland Heights Park	\$226,704	\$206,534	\$4,472	\$211,006	Under Construction
86	Powell Park	\$300,000	\$229,635	\$0	\$229,635	Under Construction
87	Reed Community Garden ⁽¹⁾					Complete
88	Rocky Butte	\$36,000	\$56,136	\$0	\$56,136	Under Construction
89	Rose City Playground	\$186,065	\$146,583	\$0	\$146,583	Complete
90	Sellwood Pool ⁽²⁾					Complete
91	Sellwood Park	\$248,206	\$168,635	\$121,932	\$290,567	Complete
92	Sewallcrest Comm. Garden ⁽¹⁾					Complete
93	Sewallcrest Park	\$118,225	\$127,190	\$0	\$127,190	Complete
94	Southwest Comm. Center and Pool	\$9,500,000	\$11,007,893	\$319,681	\$11,327,574	Under Construction
95	Southwest Soccer Fields ⁽³⁾	\$800,000				Under Construction
96	St. Johns Comm. Center	\$936,000	\$1,118,371	\$0	\$1,118,371	Complete
97	St. Johns Comm. Garden ⁽¹⁾					Complete
98	St. Johns Park	\$74,383	\$86,620	\$82,568	\$169,188	Complete
99	Sunnyside School Park	\$26,327	\$39,028	\$5,300	\$44,328	Complete
100	Terwillger Parkway	\$324,000	\$395,902	\$0	\$395,902	Complete
101	University Park	\$213,582	\$217,817	\$61,773	\$279,590	Complete
102	Ventura Park	\$76,573	\$84,160	\$18,031	\$102,191	Complete
103	Vermont Hills Comm. Garden ⁽¹⁾					CANCELED
104	Walker Stadium	\$300,000	\$317,131	\$0	\$317,131	CANCELED
105	Wallace Park	\$103,085	\$78,410	\$119,337	\$197,747	Complete
106	Washington Park District Office	\$480,000	\$602,045	\$0	\$602,045	Design
107	Washington Park	\$1,584,969	\$1,176,791	\$30,000	\$1,206,791	Design
108	Water & Gibbs Comm. Garden ⁽¹⁾					Complete
109	Waterfront Park	\$1,800,000	\$1,894,827	\$538,911	\$2,433,738	Complete
110	Wellington Park	\$242,814	\$252,738	\$65,000	\$317,738	Design
111	Wilshire Park	\$330,000	\$204,751	\$0	\$204,751	Complete
112	Wilson High Pool	\$96,000	\$319,680	\$188,380	\$508,060	Complete
113	Woodlawn Park	\$345,098	\$310,451	\$0	\$310,451	Design
114	Woodstock Park	\$458,104	\$316,208	\$0	\$316,208	Complete
115	Community Gardens - 12	\$76,650	\$108,368	\$22,350	\$130,718	Complete
116	Comb. Pools-Sellwd,Creston,Grant	\$1,919,400	\$3,388,120	\$160,000	\$3,548,120	Complete
117	Restrooms phase I	\$0	\$878,960	\$0	\$878,960	Complete
118	Restrooms Phase II	\$0	\$725,684	\$0	\$725,684	Under Construction
119	Restrooms Phase III	\$0	\$863,861	\$0	\$863,861	Under Construction
120	Soccer Fields (NE & SW)	\$0	\$857,739	\$0	\$857,739	Under Construction
121	East Delta Soccer Fields	\$0	\$915,516	\$290,000	\$1,205,516	Complete
TOTAL		\$58,800,300	\$64,255,890	\$7,223,354	\$71,479,244	

NOTES:

Projects 115 through 121 are combinations of original projects. They generally have the same scope as originally proposed but were combined for administrative/contracting purposes.

⁽¹⁾ Community Garden projects combined into Project 115.

⁽²⁾ Three pools combined into Project 116.

⁽³⁾ Two soccer projects combined into Project 120.

Responses to the Audit



Buildings • Planning • Transportation

Charlie Hales

Commissioner, City of Portland

Phone: 503/823-4682

FAX: 503/823-4040

e-mail: chales@ci.portland.or.us

Web site: <http://www.ci.portland.or.us/hales>

September 22, 1998

To: Dick Tracy
Audit Services Division

From: Commissioner Charlie Hales

RE: Response to Draft Audit #247

My staff and I have had an opportunity to review the Parks Bond Construction Fund: Status of Improvements Project Final Draft, Report #247 (September, 1998) produced by your office. First, let me thank you and your staff for the hard work you have put into this audit. As in prior audits, it is high quality, thorough and well done and your staff is to be commended.

The current City of Portland's residents, as well as prior generations, have been very fortunate to have benefitted from the wisdom of the Olmsted Brothers whose 1903 plan laid the foundation for our comprehensive system of parks. Unfortunately, over the years we have not been able to keep up with the maintenance of such a grand system. In Park Futures, published in 1991, \$100 million in needed improvements to our system were identified. When I began to plan for the 1994 bond measure, I realized that implementation of a project of this magnitude, \$58.8 million, would challenge even our most experienced staff, contractors, and citizen advisors. The voters saw the list of 114 projects we wanted to do and overwhelmingly supported the measure.

Immediately after passage of the bond measure, I took extra precautions and had private sector contractors and construction managers who manage huge construction projects come in to review the project management system that the Parks staff had selected. They all assured me of the appropriateness of the proposed implementation strategies. I am pleased that you have essentially found the bond program to be on time and on budget given its magnitude, the aggressive time schedule Parks staff set for themselves, and the construction market. Your recommendations are good ones and Parks staff has already implemented many of them. The City Council is aware that Parks will be monitoring operations and maintenance costs closely. While I am confident that these costs will come close to projections, I also believe that if additional general fund resources are required to provide high quality parks and recreation services and programs for our citizens, it will be money well spent.

I am very proud of Zari Santner and the staff she assembled from throughout the country to manage the program. They have worked extraordinarily hard and have done a superb job. And I am also very appreciative of the time that hundreds of citizens have given in the three and one-half years we have been working on these projects.



CITY OF
PORTLAND, OREGON
OFFICE OF PUBLIC UTILITIES

Jim Francesconi, Commissioner
1221 S.W. Fourth Avenue
Portland, Oregon 97204-1994
(503) 823-3008
FAX: (503) 823-3017

September 22, 1998

Dick Tracy, Audit Services Division
City of Portland
1221 SW 4th Avenue, Room 120
Portland OR 97204

Dear Mr. Tracy:

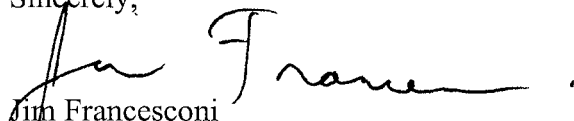
Thank you for the opportunity to review the September 1998 Final Draft of the Parks Bond Construction Fund (Report #247). Having worked closely with parks staff and our citizens as these projects have unfolded has been an intense and very rewarding experience for me personally and the city as a whole. It is gratifying to have it documented by an independent auditor that the program has received high marks for efficiency, integrity to program commitments, and timeliness.

The context under which these accomplishments were earned is especially noteworthy, and I am glad that you commented on the delays and expenses caused by the construction climate, inadequate contingencies, and protracted public involvement. In short, the challenges faced by the Bureau in achieving their 5-year goal were enormous.

The recommendations contained in Chapter 3 are welcome as well. Your comments that the Bureau has already acknowledged and adjusted to many of the factors which have affected their performance is heartening. In my work with staff for the November 1998 bond measure, I know that all of the cost estimating protection measures described in Recommendation 1 were implemented in developing costs for the next bond measure. In addition, we have emphasized keeping operating costs low and have used that as a criterion for selecting the projects in GOBI II.

The audit does a good job of summarizing the status of GOBI I. It confirms my beliefs that the public investment in its park system was well-spent, and that staff successfully met the challenges inherent in such an ambitious undertaking. This re-affirms my commitment to the next bond issue. With continued refinement and the experience gained from GOBI I and so many of the GOBI I projects completed, Parks staff is well-poised to undertake the next step in re-building our parks legacy. I appreciate your thoroughness and your objective look at this large and worthy program.

Sincerely,


Jim Francesconi
Commissioner

Portland Parks and Recreation
1120 SW Fifth Ave., Ste. 1302
Portland, Oregon 97204
Phone (503) 823-PLAY



*Dedicated to enriching
the lives of citizens
and caring for
Portland's natural beauty*

DATE: September 23, 1998

TO: Barbara Clark
City Auditor

FROM: Charles Jordan, Director of Parks and Recreation

SUBJECT: Response to Audit of Parks Bond Capital Program

Thank you for the chance to review the draft audit, *Parks Bond Construction Fund: Status of Improvement Projects*. It is generally a positive audit, and it was useful to have objective confirmation of the progress of the package of park improvements approved by the voters in 1994. We also agree with your recommendations about how to further improve our capital planning.

In assessing the 1994 General Obligation Bond Initiative (GOBI), it is important to distinguish between the *formulation* of the capital program and its *execution*. The formulation has to do with whether the original list of projects and budgets were realistic; the execution has to do with whether we have kept our commitments to the voters by completing the projects within the stated time frame. In the case of the 1994 GOBI, our observation--confirmed by your audit--is that the execution has been very strong. The program is generally on schedule, we expect to have sufficient money to complete the projects, and--after accounting for changes in project scope requested by the community--we really are making the capital improvements that were promised to voters. While individual projects vary, the capital program as a whole is on time and under budget.

Where there was the most potential for improvement was in the initial formulation of the capital plan--cost estimates, provision for contingencies, operating and maintenance estimates. When preparing another capital program for consideration by the voters in November 1998, we paid special attention to the lessons learned from the 1994 GOBI. There are fewer projects, which will allow more focus on improving a particular site to a level that community members feel good about. The basis for the estimates--both the capital and the operating and maintenance cost estimates--was carefully reviewed with the Office of Finance and Administration, and those estimates are more conservative than the 1994 estimates. We have used different levels of contingency factors based on the complexity of each project and what land use approvals might be required. In these and other ways, the lessons learned from the 1994 GOBI have helped us give the 1998 package a stronger foundation. In addition, we agree with your recommendation that the methodology and assumptions used in developing the capital program should be formalized and documented, so that the estimates can be updated more consistently when there are changes in the timing or scope of a project.

Thank you again for your attention and your suggestions.

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