

**CITY OF SHREVEPORT
INTERNAL AUDIT OFFICE
AUDITING ALERT AA2010-01**

Date: March 31, 2010
To: Dale Sibley
Interim CAO
Subject: Riverfront Park Extension Project

Introduction

The Internal Audit Office has completed limited scope work regarding the above-referenced concern. Our office had been requested by the Audit and Finance Committee to review the Riverfront Park Extension Project scope and related expenditures. The methodology used included discussions with personnel and a review of documentation. The scope of the study of internal control was limited to examining the general controls surrounding the specific issues addressed.

Observations/Recommendations

1. Riverfront Extension Project

Criteria: The certified transcripts for the 1996 General Obligation Bond cites Resolution 16 of 1996 as establishing the Riverfront Park Extension project as described in the Citizen's Bond Issue Committee report which was adopted by Resolution 22 of 1996.

The Riverfront Park Extension was established by Resolution 16 of 1996:

Shreveport Proposition No 8 (Riverfront Park Extension)

Summary: Authority to issue not exceeding \$5,000,000 of 20 year general obligation bonds of the City for acquiring and/or improving lands for a public park, and, to the extent feasible, specifically for the Riverfront Park Extension project set forth in the Citizens' Bond Issue Committee report approved by the City council on February 13, 1996, said bonds to be payable from ad valorem taxes.

Resolution 22 of 1996 adopted the Citizen's Bond Committee recommendations:

Riverfront Park Extension: The idea of acquiring the land adjacent to Cross Bayou has been discussed for many years. We are convinced that the area, if developed properly, has the potential to be as important to our City in the future as the existing Riverfront areas already are. For that reason, we recommend that \$5,000,000 be included in the bond package for acquisition of the Cross Bayou frontage east of Common Street. Additional funds for site development will still be needed, but these can come from Riverfront Gaming funds over a period of years. This project was among those recommended to us during the public hearing process.



Condition: As presented below and illustrated in Attachment A and Attachment B, our review of expenditures and the project scope indicated:

- The project expenditures (\$3.2 M) have been for the Cross Bayou Area (\$2.7 M) and the adjacent Clyde Fant Parkway (\$0.5 M). As illustrated in the timeline below, there was interspersed activity for both the Cross Bayou area and Clyde Fant Parkway:

Cross Bayou	Clyde Fant Parkway
<u>Acquire Land; Relocate RailRoad</u>	
'97-'00	
	<u>Land for River View Area</u>
<u>Land Appraisal</u>	'02
'06	<u>River View Sculptures</u>
<u>Sidewalk to Parkway</u>	'08
'09	<u>Bike Trail Relocation</u>
	<u>Dog Park Study</u>
	<u>Fountain Pump Replace</u>
	<u>Parkway Extension Study</u>

- The City had expanded the scope and description of the project without authorization. The Capital Improvements Budget book shows that the project scope and description was expanded to include development of the Clyde Fant Parkway. However, the Capital Improvements Budget book is not adopted by the City Council. At the time of this project, only the project title and the project appropriations were adopted by the City Council. (Please note that Ord. No. 123, 2009 dated 10/27/09 has established procedures where the City Council must approve changes to the scope of capital projects by ordinance or resolution.)

Below is a brief history of the Capital Improvements Budget book project descriptions for the Riverfront Park Extension project:

- 1997 - 2000: Purchase and development of the Cross Bayou area.
- 2001 - 2003: Development of Cross Bayou, including the site for the Convention Center (**Auditor's Note:** \$1M expenditures for the Convention Center were reimbursed to the fund.)
- 2004 - 2008: Purchase and develop land along and in the vicinity of Cross Bayou for public purposes.
- 2009 - 2010: Cross Bayou area and Parkway to CB Dickson and SPAR's recreation plan for the Parkway. (**Auditor's Note:** A steering committee was formed and public input was incorporated in the development of the recreation plan.)

Effect: No clear direction for remaining funds.

Cause: Lack of management oversight.



Recommendation: These are areas that need to be addressed the City's Administration:

- 1.) We recommend that management seek the bond attorney's guidance regarding the expenditures outside of the Cross Bayou Area and their compliance with the bond covenants.
- 2.) We recommend management develop procedures to review the feasibility of the continued development of the Cross Bayou Area. Additionally, management should consider public input possibly through public hearings or steering committees to help identify use of project funds.

Management Plan of Action:

- 1.) The guidance of bond counsel has been sought in writing regarding the expenditures outside of the Cross Bayou Area and their compliance with bond covenants. We have done this pursuant to discussions with the City Council and Staff and expect the information soon.
- 2.) We agree that the feasibility of the continued development of the Cross Bayou area needs to be studied. The master plan process will go a long way towards providing guidance in this arena, as well as, the 2010 Citizens Bond Study Committee. Before any additional expenditures are made, public hearings and discussion will be held.

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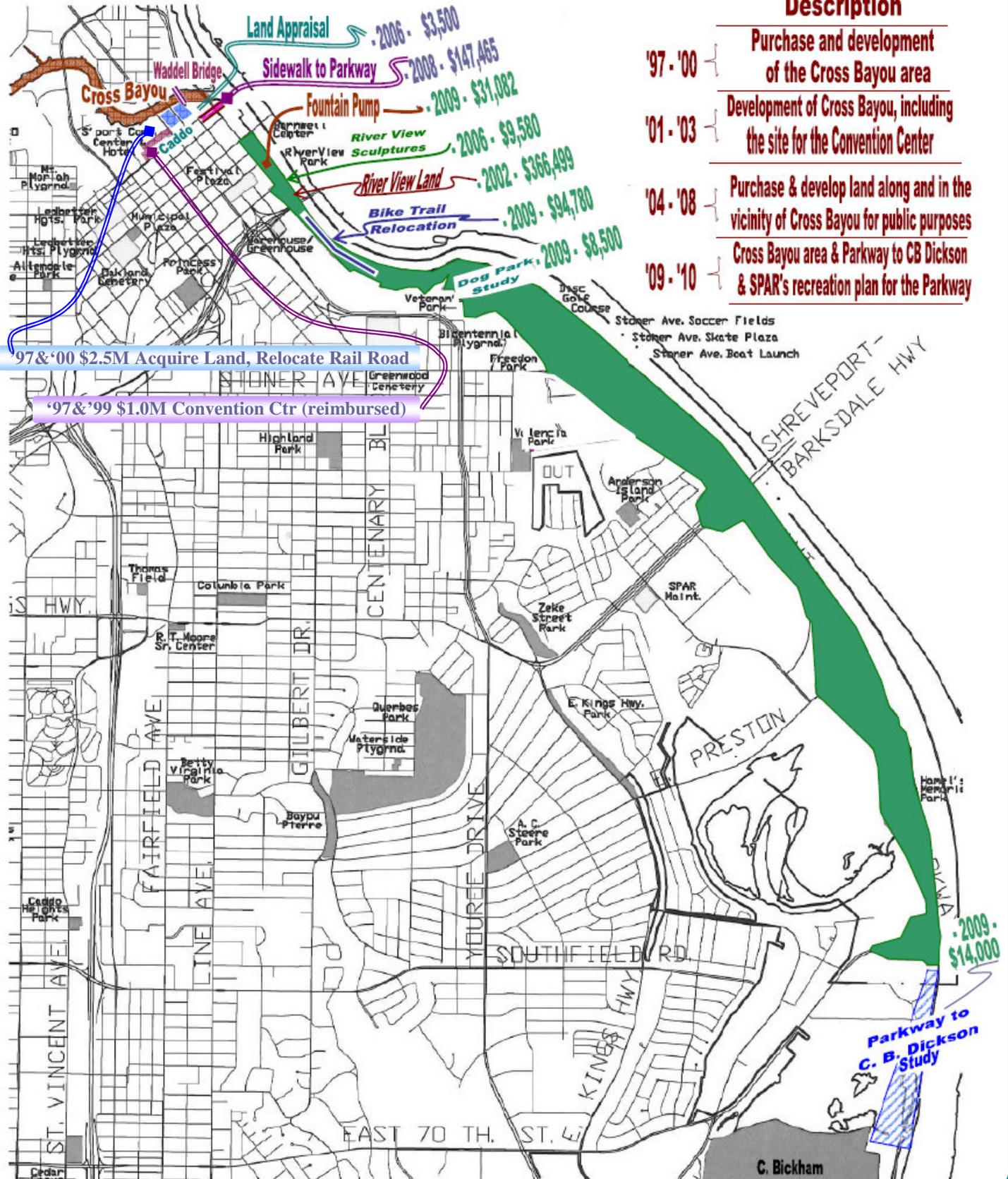
C: Mayor
City Attorney
City Council
Clerk of Council
External Auditor



Riverfront Park Extension

Capital Projects Description

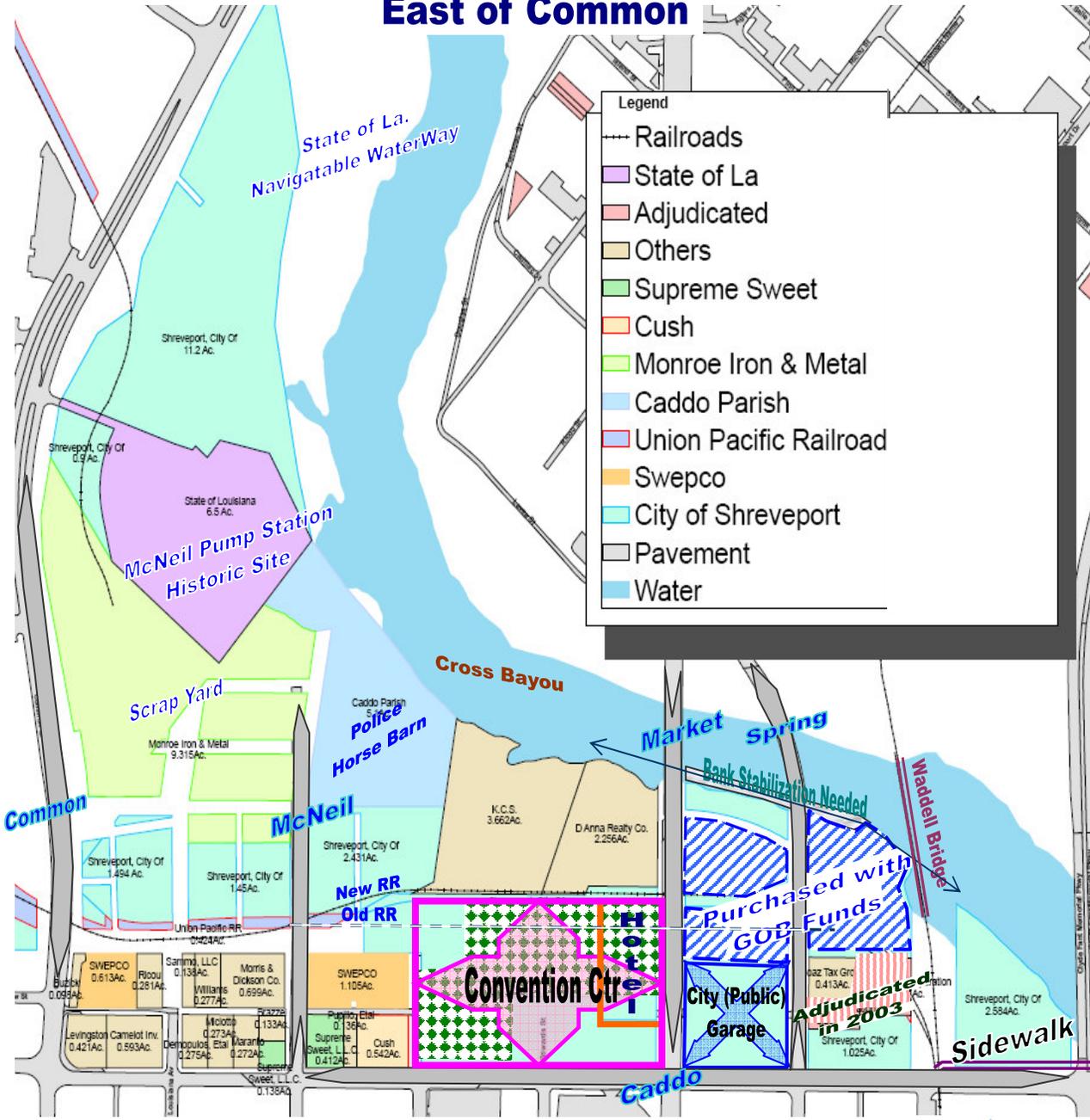
- '97-'00 } Purchase and development of the Cross Bayou area
- '01-'03 } Development of Cross Bayou, including the site for the Convention Center
- '04-'08 } Purchase & develop land along and in the vicinity of Cross Bayou for public purposes
- '09-'10 } Cross Bayou area & Parkway to CB Dickson & SPAR's recreation plan for the Parkway



C. Bickham



Cross Bayou Area East of Common



- Land owned by the City
- Land purchased with Riverfront Extension Funds
- Land purchased (and reimbursed) for Convention Ctr
- Adjudicated property

