

# Department of Parks and Recreation Administration Performance Audit

May 2014

Office of the Auditor  
Audit Services Division  
City and County of Denver



Dennis J. Gallagher  
Auditor

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# City and County of Denver

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*Dennis J. Gallagher*

Auditor

May 15, 2014

Laurie Dannemiller, Executive Director  
Department of Parks and Recreation  
City and County of Denver

Dear Ms. Dannemiller:

Attached is the Auditor's Office Audit Services Division's report of the audit of the Department of Parks and Recreation (DPR) partnership practices. The purpose of the audit was to assess the effectiveness of DPR's partnership approach by determining whether select DPR partnerships help the Department meet the mission of the organization. Additionally, the audit assessed how DPR's current partnership practices compare to those of other city and county parks and recreation departments and recommended practices.

At the onset of the audit, DPR management was forthcoming and shared an existing concern that DPR did not have a formal partnership policy in place. One desired outcome of the audit as communicated to us by DPR management was to receive criteria for evaluating partnerships and information regarding best practices for developing a partnership policy. This open communication helped establish a collaborative relationship with the audit staff. Through this collaboration, the auditors were able to confirm DPR's need for a partnership policy, which would establish clear guidance for staff and dedicating an individual or group to the administration and oversight of the partnership process.

If you have any questions, please call Kip Memmott, Director of Audit Services, at 720-913-5000.

Sincerely,

Dennis J. Gallagher  
Auditor

DJG/alh

cc: Honorable Michael Hancock, Mayor  
Honorable Members of City Council  
Members of Audit Committee  
Ms. Cary Kennedy, Deputy Mayor, Chief Financial Officer  
Ms. Janice Sinden, Chief of Staff  
Mr. David P. Edinger, Chief Performance Officer

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We will monitor and report on recommendations and progress towards their implementation.***

Ms. Beth Machann, Controller  
Mr. Scott Martinez, City Attorney  
Ms. Janna Young, City Council Executive Staff Director  
Mr. L. Michael Henry, Staff Director, Board of Ethics  
Mr. Fred Weiss, Finance Director, Parks and Recreation

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*Dennis J. Gallagher*  
Auditor

## AUDITOR'S REPORT

We have completed an audit of the Department of Parks and Recreation (DPR). The purpose of the audit was to assess the effectiveness of DPR's partnership approach by determining whether select DPR partnerships assist the Department in accomplishing its mission. We also assessed how DPR's current partnership practices compare to those of other parks and recreation departments and recommended practices.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, *General Powers and Duties of Auditor*, and was conducted 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.

The audit found that DPR's partnerships assist the Department in accomplishing its mission. However, DPR does not have a partnership policy, which should define the concepts of partner and partnerships, establish when a partnership should be used, outline the appropriate use of a partnership, and how a partnership should be formalized. In addition, the audit found that DPR's current partnership approach does not include a dedicated individual or group to administer and oversee partnerships.

We extend our appreciation to the Department of Parks and Recreation and the personnel who assisted and cooperated with us during the audit.

Audit Services Division

Kip Memmott, MA, CGAP, CRMA  
Director of Audit Services

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We will monitor and report on recommendations and progress towards their implementation.*

## REPORT HIGHLIGHTS



### Department of Parks and Recreation Administration May 2014

The audit assessed the effectiveness of DPR's partnership approach for program and service delivery collaborations with non-profit organizations.

#### Background

The Department of Parks and Recreation (DPR) provides a broad range of programs, services, facilities, and park amenities, managing more than 18,000 acres of urban parks, mountain parks, golf courses, lakes, and trails. DPR utilizes partnerships—cooperative ventures used to combine complementary resources to achieve mutual benefits—to provide a wide array of services for the City's parks and recreation system. There are a variety of contract options available when considering partnering with another organization. The contracts range from legally binding to non-binding contracts depending on the terms of the partnership and the required services or activities.

#### Purpose

The purpose of the audit was to assess the effectiveness of DPR's partnership approach by determining whether DPR partnerships assist the Department in accomplishing its mission and how its current partnership practices compare to those of other parks and recreation departments and recommended practices.

#### Highlights

The audit found that the Department of Parks and Recreation (DPR) appears to be engaged in partnerships that assist the Department in accomplishing its mission. Many of the partnerships make possible programming that DPR could not have provided on its own due to limited resources. All of the partnership contracts reviewed include clear descriptions of each partner's role and responsibilities as well as information on the partnership's scope of work. DPR has also increased its use of written contracts to document partnership activities.

Despite these positive observations, DPR's partnership governance could be strengthened by developing a partnership policy that will provide DPR with a control framework for its partnership activities. Specifically, DPR should establish a clear definition of what a partner or partnership is and when such an arrangement should be utilized. In the absence of a clear definition outlining what constitutes a partnership and formal guidance on the appropriate use of partnerships, DPR cannot create a full inventory of its current partnerships or evaluate their effectiveness.

Further, DPR does not have a framework for its use of contracts for partnerships and which important provisions—such as a dispute resolution clause—should be included in a partnership contract. These circumstances are exacerbated by the lack of key staff dedicated to partnership administration. Dedicated staff would provide support across DPR divisions throughout the partnership process from initiation to contract monitoring.

The lack of clear guidance regarding partnership activities has resulted in an operational environment where partnerships are entered into and managed differently throughout the Department. In the absence of a partnership policy, DPR is vulnerable to a variety of risks, including a partner's financial viability and damage to DPR's reputation as a potential partner. To assist the Department in the development of a partnership policy, auditors provided best practices and other policy-related guidance in Appendices A through C.

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# INTRODUCTION & BACKGROUND

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## Denver Department of Parks and Recreation

The Department of Parks and Recreation (DPR) currently manages more than 19,000 acres of land including parks, playgrounds, golf courses, lakes, trails, and twenty-seven recreation centers. Denver's park spaces are located throughout the City and they include a diversity of amenities and features including pavilions, sculptures, and fountains. DPR provides a broad range of programs and recreation activities such as arts and cultural events, aquatics, youth programming, and sports and fitness activities.



Denver, Colorado circa 1898

## Organizational Structure

DPR is divided into two main divisions—the Recreation Division and the Parks and Planning Division. Strategic leadership is provided by an administrative arm of the organization.<sup>1</sup>

**Administration**—Provides high-level leadership in the areas of policy development, agency goals, purchasing services for field staff, contracting, financial management, public engagement, and strategic marketing. Administration staff also manage DPR's permitting office, from which individuals and organizations can request permits for the temporary use of picnic sites, tennis courts, buildings, and athletic fields and for activities such as festivals, special events, and weddings.

**Recreation Division**—Provides Citywide programs including Community Recreation, Adult Sports, and Aquatics. The Division also operates programs focused on outdoor education, special needs, and sports leagues as well as after-school programs in conjunction with Denver Public Schools. Revenues in the Division are generated by recreation center memberships and pools, adult sports, fees, licenses, and permits. Among the community programs offered, the *Youth Program* received particular attention when the Denver voters approved the passage of Measure 2A in November 2012, which provided additional funding for youth programs. As a result, DPR was able to

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<sup>1</sup> City and County of Denver 2014 Budget.

implement the *MY Denver Card*, through which all Denver children are granted free year-round access to the City's twenty-five youth-serving recreation centers and twenty-nine swimming pools. Three Directors manage the Recreation areas which include all recreation centers, aquatics, Citywide sports, as well as community, adaptive, and outdoor recreation.

**Parks and Planning Division**—Oversees Denver's parks-related activities through four Directors. The Division is responsible for a vast park system that includes approximately:

- 240 urban parks totaling more than 4,000 acres
- 1,800 acres of natural areas
- 14,000 acres of mountain parks
- 8 golf courses
- 24 lakes
- 80 miles of trails
- 10 off-leash dog parks
- 309 athletic fields
- 300 acres of public right-of-way or other City-owned property



## Funding

The Department operates on funds received mainly from the City's general fund with supplemental income generated through fees and the issuance of licenses and permits. Another funding source, the Golf Enterprise Fund, is a revenue stream that is dedicated solely to the operation of City golf courses.<sup>2</sup>

Table 1 illustrates the expenditures and budgeted funding for DPR from 2010 through 2014.<sup>3</sup> In 2014, DPR is budgeted to spend approximately \$65.8 million to operate park and recreation programs. Since 2010, DPR's expenditures have shown a steady increase in funding.

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<sup>2</sup> The General Fund is the main operating fund for the City and County of Denver made up largely of tax revenue and fees. Enterprise funds are separate from the General Fund; DPR's Golf Enterprise Fund is financed and operated in a manner similar to private business enterprises.

<sup>3</sup> City and County of Denver 2014 Budget Book.

Table 1: DPR Expenditures					
Division	2010	2011	2012	2013*	2014**
Administration	\$2,073,963	\$2,135,248	\$2,429,753	\$2,534,004	\$2,725,300
Recreation	\$13,868,224	\$14,550,480	\$15,718,567	\$17,996,970	\$18,409,500
Parks & Planning	\$24,763,397	\$25,704,764	\$28,198,734	\$29,050,923	\$32,434,400
Golf Enterprise	\$7,309,210	\$7,857,626	\$8,193,591	\$10,210,084	\$11,030,000
Other Activities <sup>4</sup>	\$1,165,854	\$1,239,066	\$1,222,648	\$1,284,871	\$1,226,300
<b>Total</b>	<b>\$49,180,648</b>	<b>\$51,487,184</b>	<b>\$55,763,293</b>	<b>\$61,076,852</b>	<b>\$65,825,500</b>
Source: City and County of Denver Budget Books 2010 through 2014.					
* 2013 Expenditures represent appropriated amounts.					
**2014 Expenditures are recommended budget amounts.					

In addition to general and enterprise funds, DPR benefits from private donations and partnership contributions, which are allocated in the Parks and Recreation Private Donations Fund to purchase equipment, furniture, supplies, and services for special programs and events.

## Mission and Performance Measures

DPR's mission states: "As stewards of Denver's legacy, the Department of Parks and Recreation is dedicated to customer satisfaction and enhancing lives by providing innovative programs and safe, beautiful, sustainable places." DPR reports the status of its internal performance measures in the City's Annual Budget Book. Performance measures related to the two Divisions include:

- Citizen use of Denver recreation centers
- Citizen participation in recreation programs or activities
- Excellent or good ratings for programs or classes
- Excellent or good ratings for recreation center facilities
- Citizens' visits to a neighborhood park or City park
- Excellent or good ratings given to City parks

## Partnerships

A partnership can be regarded as "a cooperative venture between two or more parties with a common goal, who combine complementary resources and establish a mutual

<sup>4</sup> Other activities include the Colorado State University (CSU) Denver Extension program as well as DPR's mountain parks and Buffalo Bill Museum.



**Importance of Partnerships**—Although partnerships can be valuable under all economic circumstances, they are particularly important during periods of economic recovery as alternative means for local governments to increase the quality or quantity of programs or services provided to the community. This use of third parties to provide certain activities is likely to become more prevalent in the future according to the International City/County Management Association (ICMA). DPR has relied in part on partnering with third parties to help provide sufficient parks and recreation services and activities. For example, DPR partners provide recreation and educational activities to children after school and on the weekends. Partnerships can be tailored to the needs of specific communities by providing varied services such as free meals or activities for senior citizens. This approach allows DPR to customize program delivery as needed across parks and recreation centers. Potential partners can solicit DPR staff directly or respond to a Request for Proposal (RFP) when considering providing a service or program for the City.<sup>7</sup>

In addition, partnerships are an integral part of maintaining parks throughout the City. DPR partners with third parties to develop and maintain a community garden, improve existing parks, and enhance cultural areas of the City. Civic Center Park is an example of what can be accomplished when a city and a partner work together for a common goal. In 2005, DPR completed and adopted a comprehensive historic landscape assessment and master plan, known as the Denver's Civic Center Park Master Plan, to provide a cohesive vision for the future of Civic Center Park. This plan seeks to balance protecting the historic integrity of the area while revitalizing the space with new amenities and programs. A group of private citizens with a demonstrated history of civic-mindedness and a record of public service formed the Civic Center Conservancy to carry out this common goal of offering an urban oasis of landscapes, architectural features, and recreational opportunities to Denver residents and visitors.



## Types of Agreements for Collaboration

There are a variety of agreement options available when considering partnering with another organization. The agreements range from legally binding, enforceable contracts to non-binding contracts, depending on the terms of the partnership and the required services or activities. According to Denver City Attorney's Office guidance, agreements, memoranda of agreement, and memoranda of understanding (MOU) are other terms used to describe a legal contract. However, a contract must be written and signed by the Mayor to be legally binding. Since none of the MOU's reviewed by auditors contained the Mayor's signature, they are not legally binding arrangements. See Table 2 for a list of the eighteen contracts reviewed by auditors.<sup>8</sup>

<sup>7</sup> A Request for Proposal (RFP) is a formal invitation to potential partners to submit their proposal to provide a specific good or service as defined by the specified scope of work in the RFP. A relationship entered into through the RFP process would be codified in a contract.

<sup>8</sup> The term "contract" is used throughout the report to refer to the entire spectrum of contract types, including agreements.



**Legally Binding Contracts**—Binding contracts, such as cooperative agreements, are enforceable, binding documents, which provide mutual assurance that both parties uphold their respective commitments. For example, a partnership with a third party that will provide a significant capital investment to improve a soccer field in return for priority usage for a period of time may be formalized with a contract because the terms of this partnership involve an exchange of money.

**Non-Binding Contracts**—A non-binding agreement, such as an MOU as used by DPR, provides a basis for partnership operations and a method to document general expectations and partnership parameters. A non-binding contract may be sufficient if a partner provides a service that does not require an exchange of money but does require a need for space at a DPR facility for neighborhood meetings.

**Other Collaborative Mechanisms**—DPR also utilizes other types of agreements for individuals or groups that would like to use DPR facilities or to provide support for events or programs. These tools include sponsorships and co-sponsorships.

Sponsorships and co-sponsorships are utilized when another organization desires to produce or host an event such as a concert or festival in a DPR park space. As part of this arrangement, DPR agrees to provide support for the event due to a connection between DPR goals and the organizer's goals. DPR's support can be provided through assisting the third party with program delivery, fee reduction, an in-kind contribution, or promotional assistance for the event. The level of support provided by DPR is within the authority of the Executive Director of DPR.

Table 2: Binding and Non-Binding Contracts Reviewed by Audit Team\*

	Binding	Non-Binding		Binding	Non-Binding
AARP Foundation		•	Police Activities League, Inc.	•	
Boys & Girls Clubs of Metro Denver, Inc.	•		Sand Creek Regional Greenway Partnership, Inc.	•	
Civic Center Conservancy	•		SER Jobs for Progress National, Inc.		•
Colorado Miners, Inc.	•		Sloan's Lake Boxing Club	•	
Denver Inner City Parish, Inc.	•		Street Kidz Inc.	•	
Denver Mountain Parks Foundation		•	Summer Scholars	•	
Denver Urban Gardens	•		Tall Bull Memorial Council	•	
Historic Montclair Community Association, Inc		•	Volunteers for Outdoor Colorado	•	
Park People	•		YMCA of Metropolitan Denver	•	

Source: Audit team

\*Binding contracts reviewed include cooperative agreements, user agreements, compatible usage agreements, day camp agreements, agreements, and host agency agreements. Four non-binding MOU's were also examined.

# SCOPE

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The audit focused on assessing the effectiveness of DPR's partnership approach for program or service delivery collaborations with non-profit organizations.

# OBJECTIVE

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Our audit objective was to assess the effectiveness of DPR's partnership approach by determining whether DPR partnerships assist the Department in accomplishing its mission and how its current partnership practices compare to those of other parks and recreation departments and recommended practices.

One desired outcome of the audit, as communicated to us by DPR management, was to provide criteria for evaluating partnerships and information regarding best practices for developing a partnership policy.

# METHODOLOGY

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The methodologies applied during the audit process included various methods to gather and analyze information pertinent to the audit scope and objective.

- Interviewing:
  - DPR Executive Director on the status of the Department and potential audit areas
  - DPR Director of Finance and Administration regarding partnerships
  - DPR Manager of Recreation and Contract Compliance Coordinator regarding the administration and oversight of partnership policy and operations
  - DPR Finance Administrator regarding partnership contracts and monitoring
  - Non-profit organizations that operate and manage DPR's three transition recreation centers regarding their partnership experience with DPR and responsibilities managing and maintaining the facilities
  - The City Attorney's Office regarding the contract process for partnerships
- Selecting and reviewing a sample of eighteen contracts, including cooperative agreements and memoranda of understanding, to evaluate DPR's approach to partnering with other organizations
- Reviewing DPR's current policies and practices regarding collaborations with third parties



- Researching and reviewing criteria regarding partnership practices, including when to partner with a third party, partner selection, and monitoring the partnership
- Reviewing DPR's mission, mission-level metrics, and performance measures related to customer experience, recreation centers, and parks

During the audit we conducted benchmarking with other city and county parks and recreation departments, listed in Table 3, to identify common practices.<sup>9</sup> As part of the analysis, we interviewed select survey respondents to gain additional information regarding the survey results.

Table 3: Benchmark Cities		
Austin, Texas	Mesa, Arizona	Plano, Texas
Baltimore, Maryland	Miami, Florida	Portland, Oregon
Baton Rouge, Louisiana	Nashville, Tennessee	San Jose, California
Castle Rock, Colorado	Norfolk, Virginia	Seattle, Washington
Cherokee County, Georgia	Orlando, Florida	Tucson, Arizona
Chicago, Illinois	Philadelphia, Pennsylvania	Washington, D.C.
Las Vegas, Nevada	Pierre, South Dakota	

In addition, we conducted an internal survey of Denver's recreation center supervisors to understand the current practices for entering into partnerships, selecting partners, outreach, and monitoring DPR partners. Further, we chose a sample of these recreation supervisors to interview to obtain additional information on their survey responses. See Table 4 for a list of DPR's recreation centers.

Table 4: DPR Recreation Centers			
Ashland	Glenarm	La Familia	Scheitler
Athmar	Green Valley Ranch	MLK Jr. Aquatics	Southwest
Aztlan	Harvard Gulch	Montbello	Stapleton
Barnum	Harvey Park	Montclair	Swansea
Central Park	Hiawatha Davis Jr.	Platte Park	Twentieth Street
Cook Park	Highland	Rude	Washington Park
Eisenhower	La Alma	St. Charles	

<sup>9</sup> The Trust for Public Land's report, recommended by International City/County Management Association (ICMA), and PROS Consulting were used in part to select benchmark cities and counties.

# FINDING

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## The Department of Parks and Recreation Could Benefit from Improved Governance over Partnerships

The Department of Parks and Recreation (DPR) is engaged in a number of partnerships to help carry out its mission of providing innovative programs and safe, beautiful, sustainable places. To provide these programs and manage its parks and recreation facilities, DPR relies in part on partnerships with other organizations. These cooperative, mutually beneficial arrangements are a tremendous asset to the City and the people who enjoy DPR's outdoor spaces and facilities. In assessing the effectiveness of DPR's partnership approach, we found that the partnerships are beneficial in helping DPR achieve its mission. Further, the contracts used to manage these partnerships contain some of the elements recommended by professional organizations.

To enhance benefits and reduce risks, the Department should strengthen its governance over partnerships. For example, DPR does not have a partnership policy that defines the concepts of partner and partnerships, establishes when a partnership should be used, and specifies how a partnership should be formalized. Exacerbating insufficient governance over partnerships is a lack of sufficient staff dedicated to partnership administration. In the absence of clear criteria and dedicated personnel, DPR is vulnerable to a variety of risks, both financial and reputational. To assist the Department with the development of a partnership policy, auditors included partnership-related guidance and criteria obtained through research and surveys in Appendices A through C.

## The Department of Parks and Recreation's Current Partnerships Assist the Department in Accomplishing its Mission

Through its mission statement, DPR conveys its dedication to customer satisfaction and enhancing lives through the use of innovative programs and safe, beautiful, sustainable



places. The audit team's review of select DPR partnerships revealed a broad spectrum of beneficial programs and services associated with these arrangements that DPR could not have provided on its own due to limited funding or staff resources. For example, through its partnership with DPR, the non-profit organization, The Park People, spent over \$500,000 to renovate and restore the historic James A. Fleming House within Platt Park in south Denver. Similarly, DPR's partnership with

Denver Urban Gardens (DUG) transformed an unused plot of City-owned land into a community garden to provide a healthy and sustainable food source for the

neighborhood. These types of partnerships provide additional safe and sustainable resources to citizens without using general fund monies.

In addition, auditors found that most of DPR's partnership contracts—both non-binding and legally binding contracts—contained some recommended practices regarding establishing partner responsibilities and expectations, and protections for the City. Specifically, all eighteen contracts include clear descriptions of each partner's role and responsibilities as well as information on the partnership's scope of work. Also, more than two thirds of the contracts we reviewed include a statement to indemnify the City.<sup>10</sup> These three practices are recommended by professional organizations including the Government Accountability Office (GAO), National Council for Public-Private Partnerships (NCPPP), as well as other city and county parks and recreation departments surveyed.

Lastly, DPR has taken steps in recent years to develop policies around certain activities such as facility rentals and to increase its use of written contracts to document partnership activities. According to a recreation center supervisor, DPR's policies for the public rental of DPR facilities and co-sponsorships have increased the Department's control over what had been a largely uncontrolled process, where supervisors established sponsorship arrangements independently and partnerships were often established without a written contract.<sup>11</sup> Despite these improvements, DPR has yet to establish controls through policy over its partnerships with third parties.

## **To Enhance Governance, the Department of Parks and Recreation Should Implement a Sound Partnership Policy**

The Department can strengthen partnership administration and oversight practices by adopting a comprehensive policy. Without clear guidance for staff regarding what types of arrangements constitute partnerships, when to utilize partnerships, and how to document these arrangements, DPR is unable to maximize the value of its partnerships and minimize the risks associated with these activities.

Although partnerships are valuable tools for collaboration between a variety of public and private entities, some risks also exist with the use of partnerships. The Institute of Internal Auditors (IIA) Research Foundation surveyed audit executives and professionals involved with partnerships and found that risks associated with partnerships are not necessarily highly probable but should the risks materialize, many would have significant consequences for both parties.<sup>12</sup> As such, control mechanisms such as internal policies and procedures are critical tools for minimizing the risk inherent in these collaborative activities.

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<sup>10</sup>To indemnify means to protect the City from a responsibility to pay for another party's loss, damage, or injury. Some of the contracts did not include the statement to indemnify the City but these contracts were non-binding memoranda of understanding (MOU's). Non-binding contracts do not typically include this provision.

<sup>11</sup> DPR also developed a corporate sponsorship policy that is available on the Department's website.

<sup>12</sup> Risks discussed in the IIA Research Foundation report include selection risk and monitoring risk, among others. Selection risk refers to lack of relevant and reliable processes for selecting viable partners; monitoring risk relates to the absence of financial or non-financial measures for evaluating the performance of a partner or partnership.

**The Department of Parks and Recreation Has Not Developed Key Guidance Related to Establishing Partnerships**—DPR has established and administered partnerships for decades without a clear definition of what a partner or partnership is and when such an arrangement should be utilized. Although staff have a general understanding of DPR’s overall strategic approach for utilizing partnerships—that the arrangement should provide a mutual benefit to the partner and DPR or the community (i.e., the taxpayer)—DPR has not established a clear definition for a partnership relative to DPR and its mission. In contrast, professional organizations and industry practitioners have established working definitions for a partnership within more extensive policies and frameworks around public and private partnership activities.<sup>13</sup>

Additionally, DPR staff have no formal guidance on the appropriate use of partnerships. Specifically, survey data illustrated a lack of understanding by recreation center supervisors regarding criteria for utilizing partnerships. Furthermore, Department management confirmed the absence of formal, uniform policies to guide staff in establishing partnerships. In contrast, a survey of staff from other municipal parks and recreation departments demonstrated that the majority of the twenty departments surveyed have established and utilized specific guidelines for when staff should establish a partnership. For instance, the City of Tucson Parks and Recreation Department establishes partnerships with non-profit organizations only; for-profit organizations or other city agencies are never considered for partnerships. Furthermore, the 2013 Resources, Allocations, and Priorities Plan (RAPP) assessment conducted for DPR by GreenPlay, LLC included a recommendation that DPR should develop and implement a partnership policy that utilizes criteria, or guiding questions, to guide DPR staff in deciding when to

use a partnership. The British Columbia Ministry of Municipal Affairs also offers a list of conditions that lend themselves to partnerships between local governments and outside parties.<sup>14</sup>

A number of internal dynamics, such as management priorities and staffing limitations, likely contributed to the lack of clarity surrounding DPR’s definition and the appropriate use of partnerships. The complexity and wide-ranging nature of partnerships further complicated efforts to develop key guidance for DPR’s partnerships. Without a clear definition

of what constitutes a partner or partnership, DPR cannot create a full inventory of its current partnerships or evaluate their effectiveness. For example, while DPR had categorized thirty-nine of its arrangements with third parties as partnerships, the Department was less certain about how to categorize the remaining 101 other

*Without a clear definition for what constitutes a partner or partnership, DPR cannot create a full inventory of its current partnerships or evaluate their effectiveness.*

<sup>13</sup> Organizations and practitioners offering definitions and guidelines for partnership activities include the following: The National Council for Public-Private Partnerships, the Corporate Social Responsibility Initiative (a cooperative project between Harvard University John F. Kennedy School of Government and others), the British Columbia Ministry of Municipal Affairs, the State of California Department of Parks and Recreation, the City of Austin Parks and Recreation Department, and the City of Seattle Parks and Recreation Department.

<sup>14</sup> See Appendix A for examples of guiding questions and criteria offered by GreenPlay, LLC and others.

arrangements. Moreover, the absence of documented guidance requires DPR supervisors to enter into partnerships based on varied and potentially inconsistent approaches, which may result in inequitable partnership arrangements.<sup>15</sup>

In light of the emphasis placed on efficient, consistent, and transparent collaborations between the local government and non-profits proffered by the City and County of Denver's Office of Strategic Partnership (DOSP), DPR should develop and implement a partnership policy that clearly states, among other things, its working definition for partners and partnerships and the appropriate situations for utilizing partnerships.<sup>16</sup> See Appendix A for additional important elements of a sound partnership policy recommended by professional organizations. Once a working definition has been developed, DPR should conduct a full review of the Department's current contractual and non-contractual relationships with third parties to identify and establish an inventory of DPR's current partnerships.

**The Department of Parks and Recreation Could Benefit from Additional Guidance Related to Partnership Contracts**—DPR does not have a framework around its use of contracts for partnerships and which important provisions should be included in a partnership contract. For example, partnership contracts can take a variety of forms, including memoranda of understanding (MOU) and cooperative agreements. While a non-binding MOU may be appropriate for a neighborhood group's periodic use of a DPR facility, a partnership involving a non-profit group's management and operation of a DPR recreation center requires a more robust, legally binding contract, which provides liability protection for the City and includes enforceable terms and provisions to ensure that DPR and the community receive services or programs as intended.<sup>17</sup> See Appendix A for further details on important elements of a partnership policy, including how to formalize and document a partnership arrangement.

While DPR staff do not have the authority to develop contracts, it is important that they be informed about the contract options available and the provisions that may be included to facilitate discussions with potential partners. Specifically, out of twenty-two respondents to the audit team's survey, six recreation center supervisors indicated that they were unsure about what partnership arrangements required the need for a binding contract, while four noted that this type of contract is not applicable to partnerships. Three other supervisors indicated that the exchange of funds between DPR and the partner triggers the need for a binding contract, while one person said legally binding contracts are used under all

*Other parks and recreation departments have developed and implemented guidance for the types of contracts used to document partnerships.*

<sup>15</sup> See Appendix C for a potential tool for use in classifying DPR partnerships.

<sup>16</sup> Denver's Office of Strategic Partnership (DOSP) was established in 2004 to act as a liaison between the City of Denver and the nonprofit sector. DOSP brings potential public and nonprofit partners together and assists in the partnership development process.

<sup>17</sup> According to DPR management, staff should escalate the contract development process to management and the City Attorney's Office.

circumstances. This wide range of responses clearly shows uncertainty among DPR recreation center supervisors regarding the use of legally binding contracts to document DPR partnerships. Other municipal parks and recreation departments have developed and implemented guidance for the types of contracts used to enter into partnerships and under which circumstances.

For example, management from the Austin Parks and Recreation Department in Austin, Texas, developed a policy that allows staff to select from a variety of contracts, including parkland improvement agreements and operations and maintenance agreements and prohibits the use of non-binding contracts. Similarly, the City of Seattle Parks and Recreation Department's partnership policy states that all partnership contracts—regardless of the type—must be legally binding. DPR management has not yet analyzed and documented the Department's risk tolerance related to its partnerships. Specifically, staff have not received guidance regarding the conditions that require the use of binding contracts, such as an exchange of funds between partners or the duration of the partnership. As a result, staff uncertainty will continue as will the risk that staff will select an inappropriate contract type for the risk or terms associated with the partnership, which could lead to legal or financial issues for DPR. To address staff uncertainty regarding the selection of partnership contracts, DPR should include guidance in its partnership policy on the types of contracts staff can use to document partnerships and conditions for the use of each.

In addition, DPR does not have guidelines regarding which specific provisions should be included in its partnership contracts. For example, a review of select DPR partnerships—documented with legally binding contracts or MOU's—found that a contract provision critical to addressing partner disputes was missing from almost half of the contracts reviewed by auditors. This dispute resolution provision describes the specific process each party should follow in the event of a disagreement. The use of dispute resolution clauses

***DPR's policy guidance should require the use of a dispute resolution provision in all contracts and include DPR-specific templates for each type of partnership contract it uses.***

is recognized as a best practice according to the GAO. Other organizations, including NASCIO and the NCPPP, recommend the use of dispute resolution provisions because neither party can foresee all potential conflicts that may arise during the life of a partnership, especially during the early contract development stage.<sup>18</sup>

Partnership arrangements can be documented using a variety of contract types, further complicating staff decisions regarding when certain provisions should be included. Further, DPR management stated that the City Attorney's Office has primary responsibility for the provisions in DPR's

binding contracts. However, DPR may be vulnerable to unnecessary legal issues and other ramifications of inconsistent contract terms without internal guidance and DPR-specific templates that clearly describe the fundamentals that should be included in each type of contract. In fact, the IIA Research Foundation references the use of

<sup>18</sup> NASCIO stands for the National Association of State Chief Information Officers.



standard contract templates as preventative measures within a larger control framework. To minimize the risks associated with its partnership arrangements, DPR's policy guidance should require the use of a dispute resolution provision in all contracts and include DPR-specific templates for each type of partnership contract it uses. Further, DPR should consult with the City Attorney's Office in developing these internal requirements regarding contract provisions and contract templates. This type of policy guidance on the use of formal contracts for documenting partnerships and what type of provisions to include would improve the consistency and accountability of DPR's partnership arrangements.

Although partnerships can enable local governments to increase or enhance the public's use and enjoyment of city resources, such as parks and recreation centers, the practice has inherent risks—mainly financial and reputational—that should be considered when developing a partnership policy.

**Until the Department of Parks and Recreation Implements a Partnership Policy, the City Is Vulnerable to a Variety of Risks**—Our survey of staff from municipal parks and recreation departments across the country found that respondents perceived the financial viability of partnering organizations to be a significant area of risk. Without a policy that stipulates the type of financial review and viability required for different types of partners, DPR could enter into a relationship with a partner that is not capable of meeting the needs of DPR or the community. This could be particularly problematic for DPR's budget if the Department is unexpectedly forced to resume support and operation of the resource after budget allocations have been made. In one case, DPR established a partnership with a non-profit organization to operate a recreation center even though the group had no paid staff; the only staff were board members volunteering their time to the organization in addition to their full-time jobs. Even though the organization provides critical programs to an under-served community, the financial viability of the group is tenuous.

Partnerships also expose DPR to reputational risk. Not only can the community become dissatisfied with the results of DPR partnerships but the partners themselves may become displeased with the arrangements. Other parks and recreation staff surveyed indicated that inadequate service delivery was the most prevalent issue for partnerships. As a proxy for DPR, partners that underperform and fail to provide critically needed services or programs to the community, such as free meals or after-school care, directly affect the citizens' perception of the Department and the City. The implementation of a partnership policy with clearly stated requirements for the consistent monitoring of partner performance would significantly reduce the likelihood of persistent underperformance by DPR partners.

Similarly, DPR partners may believe they received inequitable treatment in the absence of a guiding policy. The 2013 RAPP report referenced the community's perspective that opportunities to partner with DPR were not equitable. Surveyed parks and recreation staff outside of Denver also indicated that the public often perceives the partner selection process as unfair. During the audit, we learned that three non-profit organizations that assumed operation and management of three DPR recreation centers in 2010 are frustrated with what they perceive to be inconsistencies among the terms of

their respective arrangements with DPR. One organization told auditors that they are unable to charge fees to the public for certain programs, unlike the other two organizations. According to the group's management, these funds would provide critically needed support to the organization's limited budget. Another non-profit group referenced its larger financial burden as compared to the other non-profit organizations operating DPR recreation centers. Specifically, the organization is responsible for more maintenance costs and utility payments than its counterparts.

While DPR may have thoroughly considered the terms and partner responsibilities for each of these similar partnerships, the fact remains that the partners believe that they receive inconsistent treatment, which jeopardizes the partnerships' long-term viability. By developing and following a partnership policy that spells out DPR's partnership approach, DPR could avoid this type of situation in the future through transparent and consistent discussions of the Department's policy and expectations.

## Denver Parks and Recreation Needs Additional Staff Dedicated to Partnership Administration

In addition to developing internal guidance for use by staff when developing and administering DPR partnerships, additional staffing resources would improve DPR's ability to implement a consistent, high-quality partnership process. To better define and control its partnership approach, DPR should dedicate one or more staff to partnership administration, which includes initiating and monitoring partnerships. Establishing redundancy is also critical to enable DPR to adapt to fluctuations in key staff who have important roles in the oversight of DPR's partnerships, such as the contract compliance coordinator. To evaluate and quantify the need for dedicated staff, DPR should conduct a staffing needs assessment that analyzes the number of staff necessary to administer and oversee partnerships.

**DPR Has Not Dedicated Specific Staff to Partnership Activities**—As part of its current partnership approach, DPR has not dedicated an individual or group to the administration and oversight of its partnerships. As a result, DPR's partnership activities are decentralized. For instance, partnerships can be initiated in a variety of ways through many different staff members. Potential partners can solicit individual recreation supervisors directly and eventually enter into contracts such as a facility rental agreement or an MOU. Other partners respond to a Request for Proposal (RFP) when considering providing a service or program for the City. Additionally, partnership monitoring is carried out by a variety of staff in different DPR divisions. DPR's contract compliance coordinator monitors all contracts for specific milestones, using a contract administration database, to ensure compliance with the stated contract terms. However, this monitoring activity does not assess program compliance or measure program effectiveness. Instead, program monitoring occurs in the field and is the responsibility of DPR operations staff and may include reviews of annual report submissions from the partner or usage data for DPR athletic fields, among other methods. As a result of the decentralized partnership administration activities, compliance and program may not be centrally documented, reducing the agency's ability to efficiently track and respond to potential issues.



Additionally, the contract compliance coordinator recently left the Department, further exacerbating DPR's shortage of needed staff to oversee partnerships. As a result, there are even fewer personnel dedicated to monitoring partnership activities. For example, DPR managers were unaware of the impending expiration of one of DPR's partnership-related contracts. Although the recent departure of the contract compliance coordinator reduced DPR's staff time and resources available for monitoring contracts, the contract administration database could be more fully utilized as a reporting mechanism to inform DPR personnel of the status of Department contracts, particularly in the absence of key staff. To evaluate and quantify the need for dedicated staff, DPR should conduct a staffing needs assessment that analyzes the number of staff necessary to administer and oversee partnerships. This lack of staff dedicated to partnerships is attributed to constraints on staffing and funding resources and the breadth of services provided by DPR.

The NCPPP recommends that public-sector partnership participants utilize a dedicated team for all partnership projects and programs; further, the team should be involved in all stages, from the earliest planning stages to the final phase of monitoring the executed partnership. In addition, external benchmarking indicated that parks and recreation departments in some other cities—Seattle, Washington, and Austin, Texas—have partnership policies in place that not only provide a clear framework for expanding opportunities with public and private entities, but also assign specific personnel to partnership activities within the departments. Seattle and Austin are comparable to Denver given that their partnership inventories are similar to DPR's number of partners.<sup>19</sup>

Seattle's Department of Parks and Recreation delegates its partnership activities to a unit that operates with one supervisor and four staff members. Staff use defined criteria to assess whether a potential partnership would meet the needs of the department, budget and financial considerations, and the perceived social impact of each potential partnership. Checklists that outline this criteria are used throughout the organization when potential partners are identified so that qualifications and proposals can be reviewed quickly and methodically. Checklists are also used to monitor partner field activities and to assess the performance of each partner prior to renewing the partnership. Examples of criteria include a review of benefits to the city and department, an assessment of the potential costs and benefits, and an examination of the community involvement and buy in. The use of checklists streamlines and simplifies the process for staff regardless of their location. The dedicated partnership unit also assists in the negotiation process and development of the contract. Additionally, to keep the public informed of its partnership activities, Seattle's department maintains a publicly available document that tracks the financial and non-financial benefits derived from its partnerships on an annual basis.

The City of Austin's Parks and Recreation Department also has a dedicated group of staff responsible for cultivating and monitoring the department's partnerships. In addition, Austin has developed policies and procedures for its partnership process that address when staff should consider establishing a partnership, how to select a partner, and what

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<sup>19</sup> As of 2013, Seattle had 175 partnerships and Austin had more than 100 partnerships. DPR has as many as 142 potential partnerships according to preliminary data provided by the Department.

type of contracts should be used to document the arrangement.<sup>20</sup> Approved partners work directly with the Development Administrator and a dedicated group of staff responsible for monitoring partnerships within the department.

In addition to utilizing designated groups to develop and administer partnerships, both Seattle and Austin dedicate a staff member to supervise the partnership process. DPR had a similar staff member, a Development Director, who performed some of the same functions as Seattle and Austin's partnership administrator or supervisor.<sup>21</sup> For example, the Development Director performed cost-benefit analyses of some potential partners to ensure that there is a benefit for all parties involved in the partnership. Although the Development Director may not be the ideal position to provide administrative support for partnerships, other cities have created a centralized group of individuals responsible for providing partnership support to the entire organization, which facilitates more consistent and reliable partnership activities.

Without dedicated personnel to lead DPR's partnership administration activities, DPR staff must rely on their own judgment when managing partnership administration. Further, DPR is vulnerable to financial and reputational risks that could include the perception that it treats partners differently, which could jeopardize the longevity of its partnerships. In order to improve DPR's approach to partnerships and support a new policy, DPR should create an internal structure that centralizes partnership administration activities. DPR should also fill vital roles, which are crucial to the contract administration process, and ensure that there are enough positions to adequately develop and administer partnerships and retain institutional knowledge in the event that key staff leave the Department.

## RECOMMENDATIONS

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- 1.1 The Executive Director of the Department of Parks and Recreation should develop and implement a partnership policy that clearly states, among other things, its working definition for partners and partnerships and the appropriate situations for utilizing partnerships.
- 1.2 The Department of Parks and Recreation's Director of Finance and Administration should assign one or more individuals to conduct a full review of DPR's current contractual and non-contractual relationships with third parties to identify and establish an inventory of DPR's current partnerships.
- 1.3 The Executive Director of the Department of Parks and Recreation should consult with the City Attorney's Office to develop additional guidance to supplement the partnership policy. The guidance should include the types of contracts that can be used to document DPR partnerships and conditions for the use of each, direction to

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<sup>20</sup> See Appendix A for guiding questions utilized by the City of Austin Parks and Recreation Department, and others, when considering whether to establish a partnership.

<sup>21</sup> The Development Director position is a limited position that will expire on December 31, 2014. However, the individual in that position resigned during the course of the audit.

consistently include a dispute resolution provision in all contracts, and examples of all DPR-specific contract templates that can be used for partnerships.

- 1.4 The Executive Director of the Department of Parks and Recreation should consider reclassifying the Development Director position or assigning a group of individuals to provide support for the administration of partnerships within the Department.
- 1.5 The Department of Parks and Recreation's Director of Finance and Administration should ensure that the contract compliance coordinator is fully utilizing the contract administration database to enable timely notification reporting regarding key conditions and milestones for partnership contracts.
- 1.6 The Executive Director of the Department of Parks and Recreation should conduct a staffing needs assessment and work with the Budget Management Office and Office of Human Resources as necessary to obtain any needed staffing resources.

# APPENDICES

## Appendix A: Potential Elements of a Partnership Policy

The following list of partnership policy elements is not exhaustive; it is intended to serve as a starting point for the development of a partnership policy specific to the Department of Parks and Recreation (DPR) that ensures more appropriate levels of review, consistent processes, and increased monitoring of Department partnerships. This framework should be tailored, as necessary, to the types of partnerships DPR utilizes as well as the different types of partners, such as non-profit organizations, businesses, or other local government departments. Following Table 5 is a list of guiding questions offered by GreenPlay, LLC and others that can be used to assist staff in determining whether to establish a partnership with a third party.

Table 5: Elements of a Partnership	
Policy Element	Policy Specifics
Definition of a Partner/Partnership	<ul style="list-style-type: none"><li>• Definition may include the following details, among others:<ul style="list-style-type: none"><li>◦ Allowable duration of partnerships</li><li>◦ Fundamental purpose of partnerships</li><li>◦ Activities associated with partnerships</li></ul></li></ul>
Eligible Partners	<ul style="list-style-type: none"><li>• List of eligible partners may include:<ul style="list-style-type: none"><li>◦ Individuals</li><li>◦ Private sector entities</li><li>◦ Non-profit organizations</li><li>◦ Volunteer groups</li></ul></li></ul>
DPR Staff Responsibilities	<ul style="list-style-type: none"><li>• Identify individuals responsible for activities such as:<ul style="list-style-type: none"><li>◦ Coordinating partnership development</li><li>◦ Assessing potential partners</li><li>◦ Developing and monitoring contracts</li><li>◦ Final approval of partnerships<sup>22</sup></li></ul></li></ul>
Role of City Attorney's Office	<ul style="list-style-type: none"><li>• Describe circumstances or stages of partnership development that require attorney review or involvement</li></ul>
Data from Potential Partners	<ul style="list-style-type: none"><li>• Specify minimum information required from all potential partners for DPR's review and consideration:<ul style="list-style-type: none"><li>◦ Description of partner</li><li>◦ Qualifications and experience</li><li>◦ Financial status and plan for partnership</li><li>◦ Proof of non-profit status (as applicable)</li></ul></li></ul>

<sup>22</sup> Approval authority may vary based on duration, funding, or type of partnership.

Review Process	<ul style="list-style-type: none"> <li>• Document required review elements such as: <ul style="list-style-type: none"> <li>◦ Overarching mission and budgetary review</li> <li>◦ Specific questions related to community impact, cost-benefit of partnership, DPR legal liability</li> </ul> </li> </ul>
Documentation of Partnerships	<ul style="list-style-type: none"> <li>• Include an explanation of: <ul style="list-style-type: none"> <li>◦ Types of contracts allowable (e.g., MOU, cooperative agreement) and conditions for the use of each</li> <li>◦ Partnership characteristics that require legally binding, enforceable contracts (e.g., transfer of funds between partners, capital investment, etc.)</li> <li>◦ Required provisions for contracts (e.g., responsibilities of each partner, method of dispute resolution)</li> <li>◦ Contract templates available for staff use</li> </ul> </li> </ul>
Monitoring Partner Performance	<ul style="list-style-type: none"> <li>• Specify preferred methods of performance monitoring, such as <ul style="list-style-type: none"> <li>◦ Announced visits, unannounced visits, and periodic review of partner performance and financial information, among others</li> </ul> </li> <li>• Identify staff positions responsible for administrative monitoring</li> <li>• Identify staff positions responsible for performance monitoring</li> <li>• Document steps to address partner non-compliance</li> </ul>

## Guiding Questions or Considerations:

### GreenPlay, LLC

- How does the project align with the City and affected Department's mission statement and goals?
- How does the proposed facility fit into the current City and the affected Department's Master Plan?
- How does the facility/program meet the needs of City residents?
- How will the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities?
- What are the alternatives that currently exist, or have been considered, to serve the users identified in this project?
- How much of the existing need is now being met within the City borders and within adjacent cities?
- What is the number and demographic profile of participants who will be served?
- How can the proposing partner assure the City of the long-term stability of the proposed partnership, both for operations and for maintenance standards?
- How will the partnered project meet the Americans with Disabilities Act (ADA) and Equal Employment Opportunity Commission (EEOC) requirements?
- How will the organization offer programs at reasonable and competitive costs for participants
- What are the overall benefits for both the City and the Proposing Partners?

#### British Columbia Ministry of Municipal Affairs<sup>23</sup>

- The service or project cannot be provided with the financial resources or expertise of the local government alone.
- The partner would increase the quality or level of service from that which the local government could provide on its own.
- The partner would allow the service or project to be implemented sooner than if only the local government was involved.
- There is support from the users of the service for the involvement of a partner.
- There is an opportunity for competition among prospective partners.
- There are no regulatory or legislative prohibitions to involving a private partner in the provision of services or a project.
- The output of the service or project can be recovered through the implementation of user fees.
- The project or service provides an opportunity for innovation.

#### City of Seattle Parks and Recreation Department

- There will be no private use of public land exclusively for personal gain.
- The proposed activity should not displace existing Parks and Recreation or other partner programs, unless pursuing the partnership allows the department to reallocate current resources to new programs and services, provide more benefit to the public, or increase efficiency of utilization of department resources.
- The proposed activity should provide added value to programs already established at the facility.
- Focused encouragement and support ought to be given to partnerships with non-traditional partners that will help engage populations that are underutilizing department facilities, programs, and services. The proposed activity should not adversely impact and/or restrict public access to parks, facilities, or programs.
- The proposed activity should not adversely impact department facilities or parkland, including wildlife habitats.
- The proposed activity and partnership meets all city, state, and federal rules and regulations. All private, for-profit entities must secure a valid City of Seattle business license and purchase adequate insurance that names the City of Seattle additionally insured.

#### City of Austin Parks and Recreation Department

- Partnership achieves a common purpose by the sharing of resources, responsibilities, and rewards, while minimizing risk.
- Partnership allows park and recreation services to be established, continued, or enhanced, while maintaining or reducing public tax support.

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<sup>23</sup> Although these considerations were developed for use with private sector partners, they are applicable to other types of partners as well.

## Appendix B: Partnership Types

Partnerships can be categorized in a variety of ways depending on the Department's overall mission, community needs, and operational goals. The manner in which an entity categorizes its partnerships is largely based on the type of organizations with which the entity has partnered and what type of benefit is derived from each partnership. Categorizing partnerships is unique to each organization. Although it is not an exhaustive list, Table 6 illustrates the different categories that can be used to describe partnerships.

**Table 6: Partnership Types Defined**

Partnership Type	Definition
<b>Austin, Texas – Department of Parks and Recreation</b>	
Design-Build-Donate	Provides access to a private partner to land for a park and recreation purpose. The design and construction of the facility is fully or partially funded by the private partner.
Design-Build-Operate	Provides access to a private partner to land for the design, construction, and operation of a facility. Partner maintains and operates facility under a lease.
Maintenance and/or Improvement	Private partner agrees to maintain and/or upgrade a specified city-owned field, playground, or facility.
Operations and Maintenance	Private partner operates and maintains a specified city-owned facility.
<b>Institute of Internal Auditors Research Foundation</b>	
Downstream	Final assembly, transportation, distribution, or franchisees.
Marketing	Co-branding.
Upstream	Raw materials suppliers or products and service providers.
<b>National Council for Public-Private Partnerships</b>	
Build-Operate-Transfer (BOT)	Partner builds a facility to the specifications agreed to by public agency, operates facility for specified time period, and then transfers facility to agency at end of specified time period.
Build-Own-Operate (BOO)	Contractor constructs and operates a facility without transferring ownership to the public agency.
Developer Finance	Partner finances construction or expansion of a public facility in exchange for right to build residential housing, commercial stores, or industrial facilities at the site.
Operations and Maintenance (O&M)	Partner provides and/or maintains a specific service.
Operations, Maintenance & Management (OMM)	Partner operates, maintains, and manages a facility or system providing a service.
<b>Project for Public Spaces<sup>24</sup></b>	
Event	Festivals and community-wide special events.

<sup>24</sup> The Project for Public Spaces is a nonprofit organization focused on helping people create and sustain public spaces that help to build stronger communities.

Inter-Agency	Joint efforts between one or more government agencies.
Investment	Equal sharing of cost and net income.
Park	Use of private sector and community members improve parks.
Public Education	Contract to manage school arts and physical education program, before/after school program, and equal build out of gym and/or classroom space at school for equal use by each entity.
<b>Railroad Park Foundation/PROS Consulting<sup>25</sup></b>	
Public/Not-for-Profit	A public and a not-for-profit entity work together on the development, sharing, and/or operating of facilities and programs.
Public/Private	Public entities, businesses, private groups, or individuals who desire to make a profit wishes to develop a facility or to provide a service.
Public/Public	Two public entities working together on the development, sharing, and/or operating of facilities and programs.
<b>Seattle, Washington – Department of Parks and Recreation</b>	
Business/Corporate	Provides donations of money, time, people, and other resources.
Contractual	Provides programs and services via written bilateral contracts.
Individual	An individual who can provide donations of money, labor, or time.
Non-Profit	Similar to contractual partners but strictly non-profits.
Social/Community Organizations	Provide services through volunteers for social and community programs.
Volunteer/Neighborhood	Park sponsored volunteer opportunities and "Friends of" groups who provide volunteer labor, money, and other resources.
<b>State of California – Department of Parks and Recreation</b>	
Concession	Provides concession services.
Donor	Parties that donate funds for a specific purpose(s).
Operating	Operations of recreation facilities or parks.
<b>StrengtheningNonProfits.org<sup>26</sup></b>	
Cross-sector	Between non-profits and the business, government, and/or academic sectors.
<b>The Urban Institute<sup>27</sup></b>	
General	Control business operations and are at risk for all losses of the enterprise not borne by the limited partners.
Limited	Lose only what they invest and gain only what the partnership specifies as appropriate.

<sup>25</sup> GreenPlay, LLC, also provided partnership types that are similar to the types recognized by the Railroad Park Foundation and PROS Consulting.

<sup>26</sup> StrengtheningNonProfits.org also recognizes community-based and donor organizations as types of partnerships within their organization.

<sup>27</sup> The Urban Institute strives to foster effective government through research, program evaluations, and other activities.

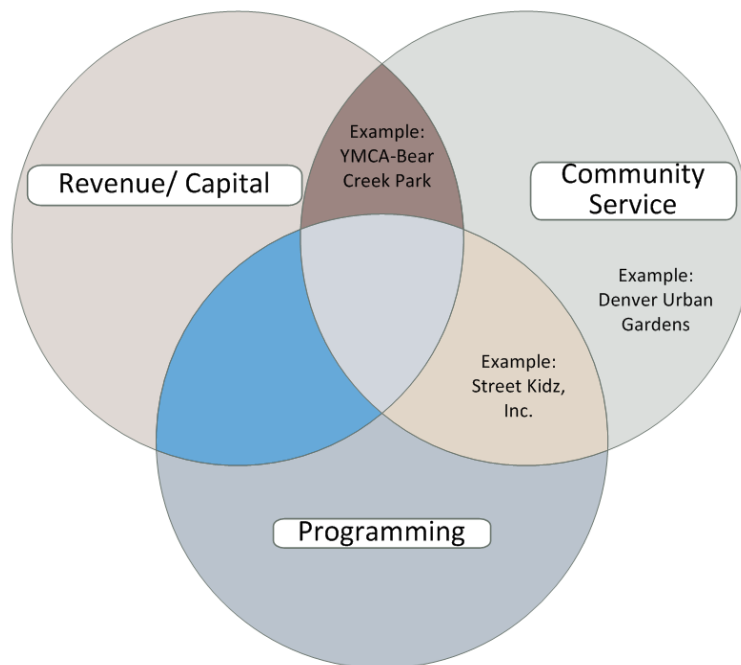


## Appendix C: Example of a Tool for Classifying DPR Partnerships

To facilitate DPR's policy development process, auditors developed this Venn Diagram to capture three possible outcomes of DPR partnerships. An analysis and representation of the expected benefits associated with DPR partnerships is a useful first step toward categorizing the Department's current partnerships as described in Appendix B.

Auditors added examples of several current DPR partnerships to the diagram to demonstrate how the figure can be used to describe and assess its partnership arrangements. As shown in Figure 2, some partnerships may be cross-cutting, in that they achieve multiple outcomes. For example, DPR's partnership with YMCA involved the organization's contribution of financial resources to build and operate a recreation center complex in Bear Creek Park.<sup>28</sup> As a result, the partnership provided new capital to the Department as well as community service in the development of new recreational assets to the City.

**Figure 2: Venn Diagram of DPR Partnership Outcomes**



<sup>28</sup> The Denver Urban Gardens (DUG) partnership allowed DUG to convert City-owned land into a community garden to be maintained by the non-profit organization. As part of the Street Kidz partnership, the organization maintains and operates the Globeville Recreation Center and provides programming and services to the surrounding community such as Zumba classes for adults and sports activities and food for local youth.

# AGENCY RESPONSE



**Parks and Recreation**  
Finance and Administration

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May 05, 2014

Mr. Kip R. Memmott, MA, CGAP, CRMA  
Director of Audit Services  
Office of the Auditor  
City and County of Denver  
201 West Colfax Avenue, Dept. 705  
Denver, Colorado 80202

Dear Mr. Memmott:

The Office of the Auditor has conducted a performance audit of the Department of Parks and Recreation Administration.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on April 14, 2014. This response complies with Section 20-276 (b) of the Denver Revised Municipal Code (D.R.M.C.).

**AUDIT FINDING 1**

The Department of Parks and Recreation Could Benefit from Improved Governance over Partnerships

**RECOMMENDATION 1.1**

The Executive Director of the Department of Parks and Recreation should develop and implement a partnership policy that clearly states, among other things, its working definition for partners and partnerships and the appropriate situations for utilizing partnerships.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	Unknown	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.1**

The Department agrees that developing and implementing a partnership policy would be a worthwhile endeavor. However, due to limited staffing resources a date of completion cannot be determined. The Department will consider submitting a decision package for the 2015 budget that would enable this to be done.

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**RECOMMENDATION 1.2**

The Department of Parks and Recreation's Director of Finance and Administration should assign one or more individuals to conduct a full review of DPR's current contractual and non-contractual relationships with third parties to identify and establish an inventory of DPR's current partnerships.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	6 months based upon staffing levels	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.2**

The Department agrees that performing a full review of all agreements and developing a complete inventory of DPR partnerships would be valuable to the Department. However, due to limited staffing resources a date of completion cannot be determined. The Department will consider submitting a decision package for the 2015 budget that would enable this to be done.

**RECOMMENDATION 1.3**

The Executive Director of the Department of Parks and Recreation should supplement the partnership policy with guidance on the types of contracts that can be used to document DPR partnerships and conditions for the use of each, direction to consistently include a dispute resolution provision in all contracts, and examples of all DPR-specific contract templates that can be used for partnerships. DPR should consult with the City Attorney's Office in the development of this contract-related guidance.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Partially Agree	Unknown	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.3**

The Department agrees that dispute resolution provisions should be included in all partnership contracts. The Department also agrees that a certain amount of guidance should be provided to field personnel regarding the type of agreements that are available for partnership arrangements. The City Attorney's Office, however, should determine the proper type of agreement for all partnerships. A request to include a dispute resolution provision in partnership agreements will be made to the City Attorney's Office by the end of May. The development of guidelines and templates, however, cannot be done with current staffing levels. The Department will consider submitting a decision package for the 2015 budget that would enable this to be done.

<b>RECOMMENDATION 1.4</b> The Executive Director of the Department of Parks and Recreation should consider reclassifying the Development Director position or assigning a group of individuals to provide support for the administration of partnerships within the Department.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Partially Agree	Unknown	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.4**

The Development Director position has already been reclassified to perform other functions within the Department. Current staffing levels do not allow for the assignment of a group of individuals to support partnerships. The Department will consider submitting a decision package for the 2015 budget that would enable this to be done.

<b>RECOMMENDATION 1.5</b> The Department of Parks and Recreation's Director of Finance and Administration should ensure that the contract compliance coordinator is fully utilizing the contract administration database to enable timely notification reporting regarding key conditions and milestones for partnership contracts.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	Already being done	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.5**

This function has been performed for many years for all agreements. Recently, however, the contract compliance position was vacant for a period of time due to the incumbent receiving a promotion. During the recruitment to backfill this position, this function was not performed as frequently as it was, and will be again now that the position has been filled.

**RECOMMENDATION 1.6**

The Executive Director of the Department of Parks and Recreation should conduct a staffing needs assessment and work with the Budget Management Office and Office of Human Resources as necessary to obtain any needed staffing resources.

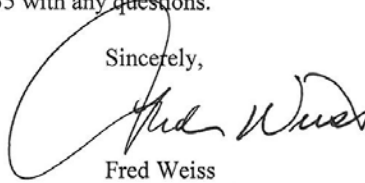
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	September 2014	Fred Weiss 720-913-0735

**Narrative for Recommendation 1.6**

This will be done as part of the 2015 budget process.

Please contact Fred Weiss at 720-913-0735 with any questions.

Sincerely,



Fred Weiss  
Director of Finance and Administration

cc: Lauri Dannemiller