



CITY AUDITOR'S OFFICE

# Parks and Recreation Resource Management

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March 24, 2022

AUDIT NO. 2208

## **CITY COUNCIL**

Mayor David D. Ortega  
Vice Mayor Tammy Caputi  
Tom Durham  
Betty Janik  
Kathy Littlefield  
Linda Milhaven  
Solange Whitehead





March 24, 2022

Honorable Mayor and Members of the City Council:

Enclosed is the audit report for *Parks and Recreation Resource Management*, which was included on the Council-approved FY 2021/22 Audit Plan. This audit was conducted to evaluate departmental operations related to field and pool use.

Field and pool resource management can be improved by standardizing processes, narrowing maintenance windows, and configuring the recreation management system effectively. Also, the system can be better configured to help ensure correct aquatic fees are charged. As well, cost recovery analysis used to set rates and fees for pools and fields should be more complete.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

A handwritten signature in blue ink that reads "Sharron Walker".

Sharron E. Walker, CPA, CFE, CLEA  
City Auditor

Audit Team:

Elizabeth Brandt, CIA, CGAP, CPM – Sr. Auditor  
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# AUDIT HIGHLIGHTS

## Parks and Recreation Resource Management

March 24, 2022

Audit No. 2208

### WHY WE DID THIS AUDIT

The *Parks and Recreation Resource Management* audit was included on the City Council-approved fiscal year (FY) 2021/22 Audit Plan. The audit was conducted to evaluate departmental operations related to field and pool use.

### BACKGROUND

The Parks & Recreation department manages and maintains 1,115 acres of developed parks and four aquatic facilities. The department is also responsible to deliver recreational and leisure classes and activities to support the community's health and wellness. While many sports activities are City-sponsored, the department works with non-profit and other organizations to schedule fields and pools for other youth sports and activities.

### City Auditor's Office

City Auditor 480 312-7867  
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### WHAT WE FOUND

**Field and pool resource management can be improved by standardizing processes, narrowing maintenance windows, and configuring the system effectively.**

- Field availability is limited by closures, locked fields, scheduled maintenance, and activity set-up hours.
- Website information is not accurate and field access could be enhanced by allowing users to make reservations directly.
- Aquatics does not use ActiveNet to track individual lane use and does not have a policy to ensure swim lanes are reserved for public use.
- Departmental policies are not followed to calculate field allocations.

**ActiveNet is not configured properly to ensure correct aquatic fees are charged, and cost recovery amounts used to set rates and fees for pools and fields are not reliable.**

- ActiveNet is not configured properly to ensure that the charged fees are limited to those approved by Council for specific groups.
- The department does not calculate full operating costs for pools and athletic fields when evaluating cost recovery rates.

### WHAT WE RECOMMEND

We recommend the Parks and Recreation Director should require staff to:

- Standardize ActiveNet use for hours of operations and closures, activity set-up time, and recording of maintenance hours; ensure website information is updated and accurate and allow users to reserve fields directly; configure ActiveNet to track pool usage by individual lanes and develop policy to ensure that swim lanes are available for public use; and comply with field allocation procedures.
- Configure ActiveNet to simplify the process of selecting Aquatic fees and general ledger accounts; and calculate recovery rates used to support Council-approved rates and fees by using all relevant direct and indirect costs.

### MANAGEMENT RESPONSE

The department responded that staff will be working to implement the recommendations to the greatest degree possible though there may be some field maintenance, system, and similar limitations.





## BACKGROUND

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Providing recreation services that improve the quality of life of all residents and respond to the leisure needs and desires of all segments of the community including youth, adults and families is one of the City's adopted goals. The Parks and Recreation department's stated mission is to deliver exceptional programs and services to enhance the quality of life for everyone.

While managing and maintaining 1,115 acres of developed parks and four aquatic facilities, the department is also responsible to deliver recreational and leisure classes and activities to support the community's health and wellness. As well, the department maintains landscaping for the Civic Center Complex, the Downtown District, and 534 acres of medians and rights-of-way.

### **Parks and Recreation Department's Vision Statement**

Scottsdale Parks and Recreation,  
Where Everyone Wants to Play!

### **Aquatics and Field Sports Programs**

The department collects revenues for aquatic facilities and sports fields based on rates and fees approved by City Council. Except for the Scottsdale Sports Complex, reservation fees for residents and partner organizations are discounted. Because the Scottsdale Sports Complex is located on federal land, rates are the same for all users regardless of residency.

While many adult sports and some youth sports activities are City-sponsored, Parks and Recreation staff also work with non-profit and other partner organizations to schedule fields and pools for other youth sports and activities. The department issues reservation permits for groups to use City pools and sports fields.

After a user requests via phone call or online webform to reserve a facility, department staff review the request and process a permit within ActiveNet, recording the reservation dates, reservation times and applicable fees. Since February 2016, the department has used ActiveNet, a recreation management software system, to manage aquatic and sports facility reservations, process payments, and account for transactions.

### **ActiveNet**

A recreation management software system used for Point-of-Sale cashiering, facility reservations membership management, program/class registration and scheduling, and transactions accounting.

Five different areas in the Parks and Recreation Department manage sports field and aquatics reservations, as follows:

- The *Scottsdale Sports Complex* staff manages that facility and will manage the Westworld Polo Fields and the Bell Road Sports Complex when completed.
- The *Youth Sports Field Allocation* office books fields at City parks and certain schools for external organizations such as Little League baseball, Youth Soccer clubs and softball, football, and lacrosse teams.
- The *Adult Sports* office handles all City-sponsored sports leagues and activities for field sports such as softball and kickball.

- The *Leisure Education* office organizes and books fields for City-sponsored youth leagues and activities such as flag football and soccer.
- The *Aquatics* staff schedules City-sponsored swim lessons and water exercise classes. They also book swimming lanes for school and private swim teams.

Although each of the areas use ActiveNet, each individual area has developed its own methods and processes for recording information and calculating field and pool use.

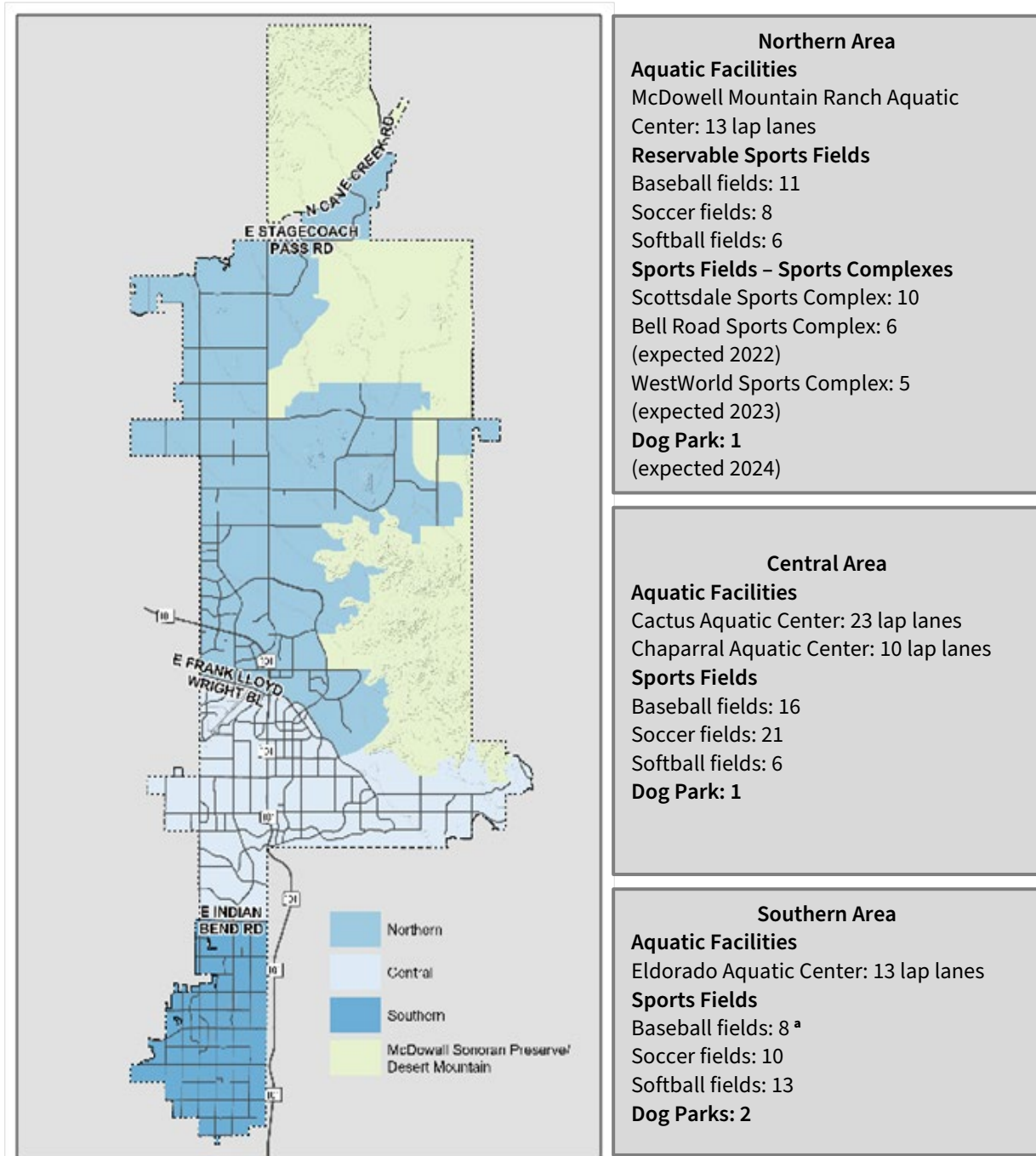
### **Aquatic Centers**

The City's four aquatic facilities at Cactus, Chaparral, Eldorado, and McDowell Mountain Ranch parks provide a total of 59 pool lanes located across the city, as illustrated by Figure 1 on page 5.

While Chaparral is a seasonal, non-heated pool, open from June to mid-November, the other aquatic centers are open year-round, with heated pools during cooler months.

*(continued on next page)*

**Figure 1. City of Scottsdale – Aquatic Facilities and Reservable Sports Fields**



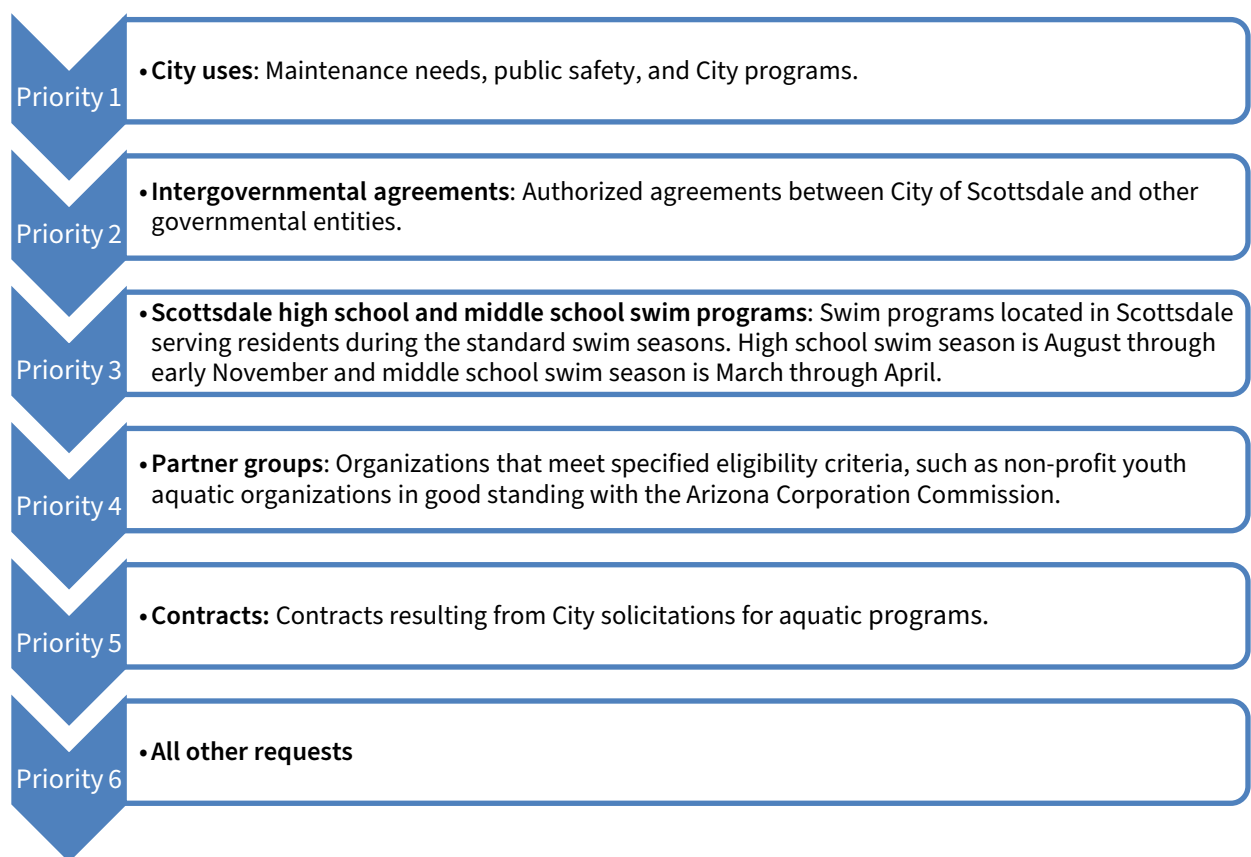
<sup>a</sup> Excludes four reservable baseball fields located in the Indian School Park & Tennis Center operated by the Scottsdale Stadium staff and primarily reserved for use by the San Francisco Giants.

**SOURCE:** Land Information System, area designations from City of Scottsdale General Plan 2035 and auditor analysis of Parks & Recreation aquatic facilities, reservable sports field information and City of Scottsdale Parks & Recreation website information.

Besides recreational swim, City pools offer aquatic classes, such as water exercise and swim lessons. Through collaboration with youth and adult swimming organizations, the City also provides other aquatic activities including competitive youth diving, youth competitive swim, youth artistic swimming teams, and adult recreational swim teams. As well, the department rents the pools to public, private, and commercial organizations to schedule other recreational aquatic activities.

Private and commercial organizations and the general public may rent the aquatic facilities or pool lanes. According to the department's Youth Aquatic Facility Allocation Policy, reservation requests are prioritized as summarized in Figure 2.

**Figure 2. Youth Aquatic Facility Allocation Priorities**



**SOURCE:** Auditor analysis of Parks and Recreation Department Youth Aquatic Facility Allocation Policy.

### Sports Fields

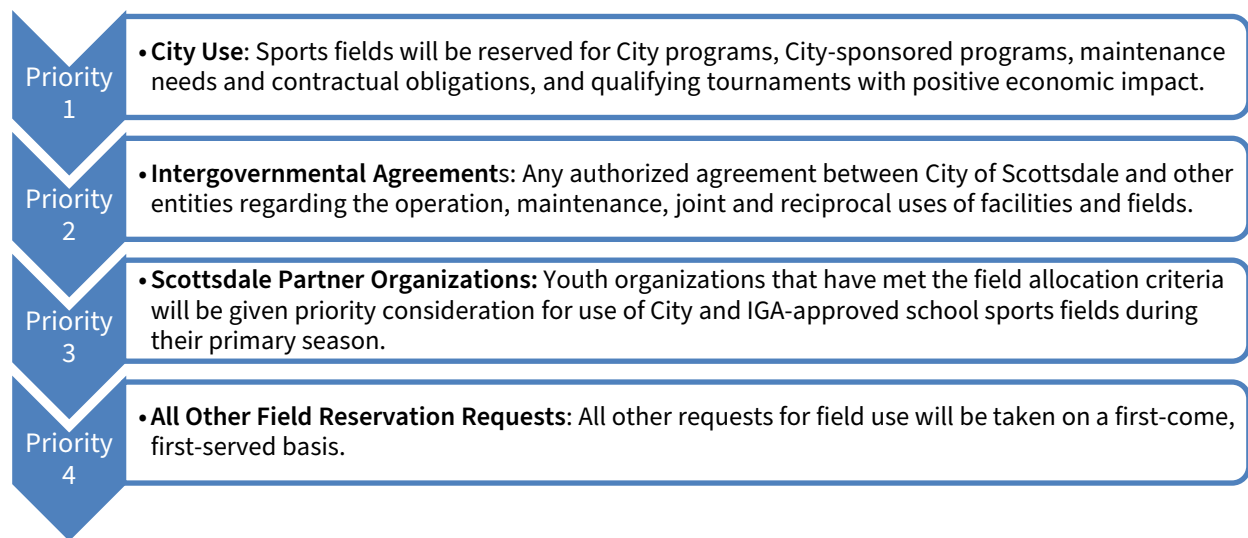
The department manages and processes reservations for 109 sports fields, including 49 soccer, 35 baseball, and 25 softball fields as illustrated by Figure 1 on page 5. The sports fields are located in City neighborhood parks, community parks, and at public schools as well as the Scottsdale Sports Complex. Among them are 51 school sports fields, including 25 baseball, 21 soccer, and 5 softball fields, that the

City manages through intergovernmental agreements with Scottsdale (SUSD) and Paradise Valley Unified School Districts (PVUSD).

City programs and activities, such as softball leagues, kickball teams, flag football leagues, and youth soccer classes, use the fields. Also, to meet community leisure needs, the sports fields are available for youth sports organizations, private and commercial organizations, and the public to rent.

The department's Youth Sports Field Allocation Policy, which was approved by the Parks and Recreation Commission, establishes priority uses of sports fields other than the Scottsdale Sports Complex, as summarized in Figure 3.

**Figure 3. Youth Sports Field Allocation Priorities (Other Than Sports Complex)**



**SOURCE:** Auditor analysis of Parks and Recreation Department Youth Sports Field Allocation Policy

Field allocations for partner organizations (Priority 3) are based on the sports season. From January to June, seasonal priority is given to baseball, softball, lacrosse, and rugby. From July to December, the priority is soccer and football. Further, user priority is given to partner organizations that serve the largest number of Scottsdale residents.<sup>1</sup> Partner organizations are required to serve at least 50 Scottsdale residents. To determine which group serves the most residents, the partner organizations are required to submit their previous season rosters before City staff allocates fields for the following season.

<sup>1</sup> According to the Youth Sports Field Allocation policy, “resident” means youth who live within Scottsdale boundaries or attend an SUSD or PVUSD school that is subject to an Intergovernmental Agreement with the City for youth sports programs.

## Scottsdale Sports Complex

The Scottsdale Sports Complex has multiple purposes, including serving as a retention basin for storm water runoff, an auxiliary parking area for the annual Tournament Players Club's (TPC) Professional Golf Association (PGA) tour event, and a tournament-level sports complex for flat-field sports.<sup>2</sup>

According to the Scottsdale Sports Complex Management and Operations Plan, the Complex goals include attracting regional- and national-level tournament play as well as providing a facility for local recreational enjoyment.<sup>3</sup>

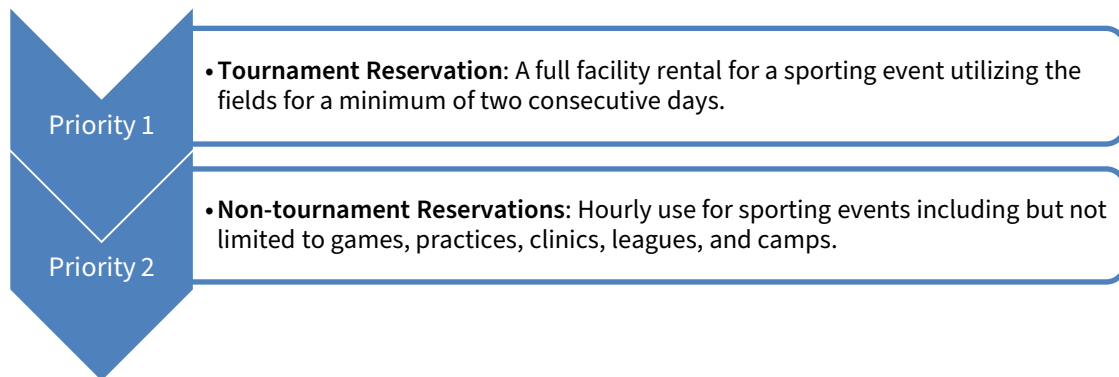
Ten reservable sports fields can accommodate various sports including soccer, lacrosse, football, and rugby. According to the Operations Plan, reservation requests are prioritized as summarized in Figure 4.

**Sports Complex Features**

- Four international-sized soccer fields with lights
- Two international-sized fields without lights
- Four standard-sized fields without lights
- Playground area
- Basketball court
- Multi-use trail
- Open turf areas
- Parking areas

**Source:** Scottsdale Sports Complex Management and Operations Plan

**Figure 4. Scottsdale Sports Complex Priorities**



**SOURCE:** Auditor analysis of Scottsdale Sports Complex Management and Operations Plan.

Because the Sports Complex is located on federal Bureau of Reclamation land, Scottsdale residents do not receive priority reservations or use. The Operations Plan provides the public with a minimum of 80% of available reservable times and sets aside 20% for public or private premier events such as national and regional tournaments.

<sup>2</sup> The TPC has priority access to use the Sports Complex for parking during its PGA tour event, typically held between January 1 and February 26.

<sup>3</sup> The Management and Operations Plan states that the complex falls within the jurisdiction of (1) the Lease and Management Agreement between TPC and the PGA Tour and the City (Contract 850060A) and (2) Recreation and Land Use Agreement between the Bureau of Reclamation (BOR) and the City (Contract 5-07-30-LO213).

## OBJECTIVES, SCOPE, AND METHODOLOGY

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An audit of *Parks and Recreation Resource Management* was included on the City Council-approved fiscal year (FY) 2021/22 Audit Plan. The audit objective was to evaluate department operations related to field and pool use. Parks and Recreation facilities within audit scope include the City's pools, the Scottsdale Sport Complex fields, and reservable sports fields located at City neighborhood parks, community parks, and at public schools.

To gain an understanding of the relevant business process and objectives, we interviewed staff from the Parks and Recreation department's Youth Sports Field Allocation Office, Scottsdale Sports Complex, Aquatics, Adult Sports, and Community Services Business Operations. We also reviewed:

- Prior related City Auditor's reports, including Audit No. 1007, *Pool Usage: Agreements and Administration*, Audit No. 1102, *Parks & Recreation Intergovernmental Agreements*, Audit No. 1904, *ActiveNet Application Controls*, and Audit No. 1906, *Cash Handling Controls and Accountability*. We also reviewed recent similar audits conducted by other city and state audit organizations.
- City financial information, including budget and accounting reports, related to the Parks and Recreation cost centers for aquatic facilities and the Scottsdale Sports Complex. Sports fields at City parks and other locations are not budgeted and accounted for separately.
- Publicly available information, such as the department's pages on the City website and its print materials such as pool schedules, along with webpages, field rental policies, and related information from other Valley cities.
- Applicable laws, regulations, and policies including the department's City Council-approved FY 2021/22 rates and fees (Resolution No. 12150); Administrative Regulation 268, *Cash Handling*; and Operation Management Policy 21A from the City Council-adopted *Comprehensive Financial Policies and Governing Guidance*.

To evaluate departmental operations related to field and pool use, we:

- Analyzed Active Net data for FY 2019/2020 and FY 2020/21, including reservation and activity data.
- Obtained and analyzed the fields and pools available hours and days of operations. Parks and Recreation staff provided the days and times of operation.
- Analyzed available ActiveNet reports, including permit master reports, reservation master, resource calendars, resource utilization reports, and charge matrix.
- Obtained partner organizations' participant rosters from Aquatics and the Youth Sports Field Allocation office.
- Requested and analyzed the available reports of denied reservation requests from the Youth Sports Field Allocation office. We then judgmentally selected a sample of five denied requests from the 60 on the FY 2019/20 and FY 2020/21 waiting lists and reviewed ActiveNet to determine if any fields meeting the criteria were available on the requested dates.
- Analyzed available supporting documents for Parks and Recreation rates and fees submitted for sports field reservation and aquatics activities for FY 2017/18 through FY 2020/21. As well, analyzed financial information for aquatic facilities and the Scottsdale Sports Complex.
- Completed three unannounced cash handling audits of two City pools and the Youth Sports Field Allocation office.

Our audit found that field and pool resource management can be improved by standardizing processes, narrowing maintenance windows, and configuring the system effectively. Also, ActiveNet is not configured properly to ensure correct aquatic fees are charged, and cost recovery amounts used to set rates and fees for pools and fields are not reliable.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place from December 2021 through February 2022.



## FINDINGS AND ANALYSIS

### 1. Field and pool resource management can be improved by standardizing processes, narrowing maintenance windows, and configuring the system effectively.

Implementing standardized operations and processes would improve pool and field management and provide more accuracy when calculating and reporting utilization rates, evaluating performance and ensuring that correct fees are collected.

- A. Although the department has stated that there is limited availability for sport field rentals, FY 2020/21 data shows the Scottsdale Sports Complex's overall usage rate at 30% and other sports fields at 28%. These uses include external reservations by organizations and City-scheduled activities. However, the department may not be able to accommodate requests for reservations during peak hours. As summarized in Table 1, overall peak weekday uses occur from 6:00 p.m. to 9:00 p.m., while heaviest weekend uses are from 9:00 a.m. to 12:00 p.m.

**Table 1. Sports Fields Hourly Utilization Rates for FY 2020/21**

Time of Day	Weekday			Weekend		
	Hours Available	Hours Reserved	Utilization Rate	Hours Available	Hours Reserved	Utilization Rate
6:00 a.m.	-	869	-	-	6	-
7:00 a.m.	-	1,003	-	-	298	-
8:00 a.m.	10,228	1,212	12%	9,877	2,371	24%
9:00 a.m.	10,228	1,206	12%	9,877	2,764	28%
10:00 a.m.	10,228	1,180	12%	9,877	2,804	28%
11:00 a.m.	10,228	1,098	11%	9,877	2,625	27%
12:00 p.m.	10,228	1,653	16%	9,877	2,358	24%
1:00 p.m.	10,228	1,635	16%	9,877	2,168	22%
2:00 p.m.	10,228	1,675	16%	9,877	2,197	22%
3:00 p.m.	10,228	2,003	20%	9,877	1,900	19%
4:00 p.m.	19,951	6,762	34%	9,877	1,747	18%
5:00 p.m.	25,168	9,983	40%	9,877	1,610	16%
6:00 p.m.	17,106	9,595	56%	6,748	1,126	17%
7:00 p.m.	15,806	8,931	57%	6,227	1,005	16%
8:00 p.m.	15,806	7,992	51%	6,227	827	13%
9:00 p.m.	14,383	4,165	29%	5,848	495	8%
10:00 p.m.	7,581	1,575	21%	3,080	21	1%
11:00 p.m.	-	-	-	-	585	-
<b>Total</b>	<b>197,625</b>	<b>62,537</b>	<b>32%</b>	<b>126,900</b>	<b>26,907</b>	<b>21%</b>

Note: Analysis includes reserved hours for fields located at City parks, public schools and the Scottsdale Sports Complex and excludes maintenance hours. "Hours available" are based on hours of operation, adjusted for field closures. School fields are generally not available before 4:00 p.m. on weekdays.

**SOURCE:** Auditor analysis of ActiveNet FY 2020/21 reservation and activity data and department staff-provided days/hours of operation.

However, the apparent availability for external reservations and public drop-in use is limited by closures, locked fields, scheduled maintenance, and activity set-up hours.

- **Closures** — For FY 2020/21, Scottsdale Sports Complex was closed 92 days and other reservable fields were closed about 33 days each. The Scottsdale Sports Complex closes during the month of January and the first few weeks of February while the grounds are used as parking for the Barrett-Jackson Automobile Auction and the WM Phoenix Open, and from mid-June until the beginning of August for summer maintenance. To perform any needed maintenance and allow grass to regrow, staff close the city soccer fields during the month of July, and the city baseball and softball fields at the end of August through the beginning of September.

While the Youth Sports Field Allocation office (YSFA) marks its field closures in ActiveNet, which removes those dates from its utilization calculations, the Scottsdale Sports Complex does not. As a result, the ActiveNet FY 2020/21 utilization reports for the Sports Complex indicated the fields were available for rental 363 days although actual availability was 273 days. By overstating its availability for rentals and public drop-in use, the Sports Complex ActiveNet reports also understate its utilization rates.

- **Locked fields** — Although it appears that at least 40% of fields are available on weekdays and nearly 75% on weekends, these numbers are misleading. Of the 109 fields managed by the department, only 20 soccer fields are available for public drop-in use, with 10 located in City parks and 10 at the Scottsdale Sports Complex.<sup>4</sup> Additionally, while school fields are fenced and locked when not rented, all but eight of the City's 30 softball and baseball fields are also fully fenced and may be locked when not reserved.
- **Maintenance blocks** — Maintenance scheduling is not managed consistently. While staff indicated these blocked fields are sometimes still available for public use, the type of maintenance and whether the fields will be open for drop-in use is not reflected in the ActiveNet system.

In FY 2020/21, the Scottsdale Sports Complex operating hours provided 31,668 available field hours, with 6,535 hours, or about 21% of availability, blocked for maintenance. Based on operating hours for all other reservable sports fields, 25,350 hours of about 290,300 available, or about 9%, were blocked for maintenance. Maintenance hours were primarily scheduled during non-peak operating hours. While the department's allocation policies prioritize maintenance activities over rentals, they do not address availability for public drop-in use.

- **Field set up** — Departmental practices for field set-up time limit availability. When softball games are scheduled in the evening, the Adult Sports program records a 12-hour set-up block in ActiveNet prior to the game. However, when games are scheduled in the morning, the scheduled set-up time can be as little as one hour. For FY 2020/21, Adult Sports averaged 9.4 hours for softball field set-up time. In contrast, Scottsdale Stadium staff estimates between 4 to 7.5 labor hours for field set-up time for professional baseball games, which

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<sup>4</sup> The department does not control public drop-in access to sports fields located in public schools. The fields remain locked throughout the day unless reserved by a youth sports organization.

includes lining the basepaths, dragging and watering the infield, and prepping the pitcher's mound and home plate.

Given the limited available information, it is unclear whether the amount of set-up time is operationally necessary. According to department staff, the extended time is necessary because without having maintenance staff solely dedicated to field setup, they do not know when the maintenance staff will be able to prep the fields, and they do not want the fields to be used between set-up and the scheduled activity. Blocking fields for an entire day when actual set-up activities may require substantially fewer hours means less field availability for recreational purposes.

- B. Currently field reservations can only be made by contacting either the Scottsdale Sports Complex or the Youth Sports Field Allocation office, which handles all other City fields and specific school fields. Requestors submit their requests via website forms or by phone. City staff then review to determine if the requested fields, dates and times are available.

YSFA keeps a "waiting list" of field requests, but the list is inconsistently maintained and unclear about whether the reservation requests were fulfilled. More consistently maintained, reliable data on user needs could enhance future sports field planning.

For two field requests of five from FY 2019/20 and FY 2020/21 that appeared to be unfilled, we identified fields having the specified characteristics and shown in ActiveNet as available on the requested dates.

Besides users not being able to directly reserve fields in ActiveNet, the department's website does not list all sports fields that are available for rent. While the website lists 33 available fields in City parks and 10 at the Sports Complex, ActiveNet includes 48 City fields, the 10 Sports Complex fields and 51 public school fields.

In contrast, the cities of Phoenix and Chandler, which also use ActiveNet, allow users to make field reservations directly through their websites for times that are still available after priority groups have been scheduled. As well, at least one of these city websites provides extensive details on field amenities and availability.

Updating Scottsdale's ActiveNet configuration to provide a public calendar showing field availability and allow users to make their own reservations if desired would be more transparent, effective and support a positive relationship with the community. This more open, user-friendly process might also enhance access for public users, such as families and neighbors.

- C. The aquatics management team manually schedules pool use rather than using the ActiveNet system. Pool staff manually prepares and updates printed daily pool maps to monitor availability and use by hour, as shown in Figure 5 on page 14.

*(continued on next page)*



- As well, Aquatics does not have a policy reserving a specific number or percentage of lap lanes for drop-in use. Instead, the department relies on each pool's staff to maintain open lap swim lanes. However, because staff is not tracking lane use, the department cannot verify that lap lanes are available or analyze utilization data to plan future needs.

D. The Youth Sports Field Allocation (YSFA) office is not routinely checking partner organizations' rosters when allocating field use.

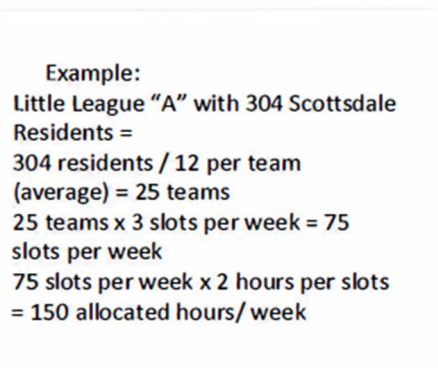
As summarized in Figure 3 in the Background, the department has developed field rental priorities, including an allocation for partner organizations.<sup>5</sup> To obtain the priority reservations, a partner organization must serve at least 50 Scottsdale residents, and their contracts require them to submit previous season rosters to substantiate participation before the next season's field allocation.

The field allocation guidelines require the YSFA staff to use the number of Scottsdale residents to calculate the number of field slots provided to each partner organization per week, as illustrated in Figure 6 from the policy.

However, the YSFA office does not collect rosters to check each organization's participant residency. Instead, the YSFA staff stated that, because they cannot fill all the partner organization requests, field allocations have remained the same since 2014.

As a result, Parks and Recreation staff have not been ensuring they are prioritizing groups that serve the largest number of Scottsdale residents and whether each group continues to qualify as a partner organization. In addition, other organizations do not have equal opportunity to become partner organizations.

**Figure 6. Example Field Use Allocation**



**SOURCE:** Parks and Recreation Department Youth Sports Field Allocation Policy

### Recommendations:

The Parks and Recreation Director should require staff to:

- A. Standardize practices among the various user groups that use ActiveNet to schedule fields. Specifically, Parks and Recreation should standardize how staff indicates hours of operations and closures, review the set-up time practices for necessity, and ensure accurate recording of maintenance hours.
- B. Ensure that website information is updated and accurate so that all reservable fields and their specifications and available amenities are listed and allow users to reserve fields directly through the site.

<sup>5</sup> However, the guidelines also note that a partner organization may not receive all its requested field time due to limited field availability and/or other organizations requesting the same time and location.

- C. Configure ActiveNet to track pool use by individual lanes to identify and evaluate actual pool use and monitor availability of lap lanes for public use. Also, develop a policy to ensure that swim lanes are available for public use and a method to reserve those lanes in the system.
- D. Comply with field allocation procedures by collecting team rosters, verifying that the partner organizations remain in good standing, and calculating field allocations based on the number of residents served.

2. **ActiveNet is not configured properly to ensure correct aquatic fees are charged, and cost recovery amounts used to set rates and fees for pools and fields are not reliable.**

Despite using ActiveNet as a point-of-sale system to collect fees and track usage at City pools, the system is not configured properly to ensure that the charged fees are limited to those approved by Council for the specific group and resource. Additionally, the yearly information provided by Parks and Recreation as part of the process for Council-approval of the department's rates and fees does not recognize all direct and indirect costs and provides an inaccurate picture of the cost-recovery achieved.

- A. The ActiveNet system has not been set up for Aquatics in a way that minimizes the risk of error and ensures correct pool rental fees are charged to specific groups. Instead, the current configuration requires department staff to manually select the correct pool fee from a drop-down menu of 95 possible fees. As a result, there is a greater risk that staff may accidentally charge an incorrect rate if they are not familiar with the contracted fees for specific groups. Except for sponsor team rental fees, the current configuration also requires staff to select the correct general ledger account combination associated with the particular pool rental fee rather than automatically populating it based on the selected fee. There were 119 different account codes to choose from, which even included those for libraries and community centers. Other areas in the department have configured ActiveNet to automatically select the correct account codes based on the fee selections.
- B. The department does not calculate full operating costs for pools and athletic fields when evaluating cost recovery rates. As well, they only analyze the few rates and fees they propose to change each year, rather than performing a comprehensive review using a cyclical approach.

According to the City Council-adopted financial policies, rates and fees are to be examined periodically to determine the direct and indirect cost of service recovery rates. Then the City Council is to approve the acceptable recovery rate and any associated changes to user fees.

Parks and Recreation staff meets annually with the Community Services Business Operations Manager regarding fees, but decisions on which rates and fees to adjust are based on discussion rather than analysis. Also, when a fee adjustment will be requested, the related cost recovery analysis is limited to direct expenses and revenues for specific cost centers. Certain related direct and indirect costs are not included.

As summarized in Table 2 on page 17, from FY 2016/17 to FY 2020/21, the Scottsdale Sports Complex and Aquatics facilities average *direct expense* recovery rates ranged from 26% to 45%. However, these costs do not include other direct costs, such as water and electricity, or indirect costs, such as cost allocations for department administration. Although accounted in separate cost centers, utility meters or allocations can provide these direct costs. As well, central

administrative costs can be allocated on a rational basis, such as the number of staff assigned to each area.

**Table 2. Revenues, Expenses and Direct Expense Recovery Rate**

Fiscal Year	2016/17	2017/18	2018/19	2019/20 <sup>2</sup>	2020/21
<b>Scottsdale Sports Complex</b>					
<b>Revenues:</b>					
Facilities and Recreation Fees	\$ 207,761	283,342	262,492	183,599	260,346
<b>Direct Expenses:</b>					
Personnel Services	\$494,574	429,222	459,021	475,858	511,070
Contractual Services	183,135	123,387	154,426	125,845	118,302
Commodities	82,392	82,530	83,193	95,709	90,151
Other expenses	214	426	1,025	-	151
<b>Total Direct Expenses</b>	<b>\$ 760,315</b>	<b>635,565</b>	<b>697,665</b>	<b>697,412</b>	<b>719,674</b>
(Under) Recovery	\$ (552,554)	(352,223)	(435,173)	(513,813)	(459,328)
<b>Direct Expense Recovery Rate<sup>1</sup></b>	<b>27%</b>	<b>45%</b>	<b>38%</b>	<b>26%</b>	<b>36%</b>
<b>Aquatics</b>					
<b>Revenues:</b>					
Facilities and Recreation Fees	\$ 903,929	917,678	875,775	561,494	754,783
Other revenue	36,922	10,846	8,498	5,262	5,264
<b>Total Revenues</b>	<b>\$ 940,851</b>	<b>928,524</b>	<b>884,273</b>	<b>566,756</b>	<b>760,047</b>
<b>Direct Expenses:</b>					
Personnel Services	\$2,189,126	1,987,550	2,138,013	1,884,305	1,960,803
Operating Supplies	184,962	204,474	208,676	150,982	160,369
Insurance	104,326	100,273	92,011	94,926	99,004
Maint, Repairs & Repair Supplies	58,305	69,405	92,484	80,781	91,029
Miscellaneous Srvcs and Charges	41,897	43,169	35,726	35,318	41,513
Communications	21,503	22,149	18,496	18,522	17,001
Professional Services	28,473	21,021	13,605	14,913	9,976
Other expenses	29,275	23,457	26,947	26,147	25,136
<b>Total Direct Expenses</b>	<b>\$ 2,657,867</b>	<b>2,471,498</b>	<b>2,625,958</b>	<b>2,305,894</b>	<b>2,404,831</b>
(Under) Recovery	\$(1,717,016)	(1,542,974)	(1,741,685)	(1,739,138)	(1,644,784)
<b>Direct Expense Recovery Rate <sup>1</sup></b>	<b>35%</b>	<b>38%</b>	<b>34%</b>	<b>25%</b>	<b>32%</b>

<sup>1</sup> This recovery rate does not reflect some direct costs, such as depreciation and utilities, or indirect costs.

<sup>2</sup> During FY 2019/20, the Scottsdale Sports Complex and Aquatics facilities were closed for 71 days, from March 16 to May 25, 2020, due to the COVID-19 pandemic.

**SOURCE:** Auditor analysis of SmartStream reports for FY 2016/17 through FY 2020/21.

Further, while the Budget department's *Rates and Fees Best Practices Guide* indicates that benchmarking against other cities' comparable fees and services may be used as justification for proposed fee changes, the department last performed a benchmark comparison of sports field rates and fees to other local communities in FY 2017/18.

The Business Operations Manager agreed that they do not include certain costs such as water, electricity, or centralized maintenance, in their cost-recovery calculations, but stated that if they did, nobody could afford to use the pools. However, the City Council-adopted policy does not require the City's rates and fees to achieve full cost recovery. Instead, it requires a full analysis of the direct and indirect costs to determine the cost recovery that is being achieved.

### **Recommendations:**

The Parks and Recreation Director should ensure that staff:

- A. Configure ActiveNet to simplify the process of selecting Aquatics fees based on the user group and resource rented and the associated general ledger account codes to be more efficient and reduce the risk of error.
- B. Calculate recovery rates used to support Council-approved rates and fees by using all relevant direct and indirect costs.



## MANAGEMENT ACTION PLAN

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1. Field and pool resource management can be improved by standardizing processes, narrowing maintenance windows, and configuring the system effectively.

### Recommendations:

The Parks and Recreation Director should require staff to:

- A. Standardize practices among the various user groups that use ActiveNet to schedule fields. Specifically, Parks and Recreation should standardize how staff indicates hours of operations and closures, review the set-up time practices for necessity, and ensure accurate recording of maintenance hours.
- B. Ensure that website information is updated and accurate so that all reservable fields and their specifications and available amenities are listed and allow users to reserve fields directly through the site.
- C. Configure ActiveNet to track pool use by individual lanes to identify and evaluate actual pool use and monitor availability of lap lanes for public use. Also, develop a policy to ensure that swim lanes are available for public use and a method to reserve those lanes in the system.
- D. Comply with field allocation procedures by collecting team rosters, verifying that the partner organizations remain in good standing, and calculating field allocations based on the number of residents served.

**MANAGEMENT RESPONSE:** Partially Agree

### PROPOSED RESOLUTION:

The Parks and Recreation Department will implement several process improvements to standardize ActiveNet utilization among the various program areas that allocate and reserve sports fields and aquatics facilities. Specifically, the department will develop a consistent method for maintenance, field preparation and set-up, and closures that will be applied throughout our facilities to the greatest degree possible. We will also develop a “rest and recovery” policy that we will add to our website that will provide detailed information to the public about how field use is rotated for the rest and recovery of turf on Scottsdale’s sports fields. This policy may vary by facilities, as different sports fields require different windows for rest and recovery, but this will provide a tool for the public to understand how fields are allocated and programming is scheduled.

The Parks and Recreation Department will ensure that website information is updated and accurate and will provide detailed information about reservable fields, field access, and availability. The department will provide detailed information about policies related to Scottsdale Unified School District fields and list all reservable facilities on the website. The department will explore the option of providing online field reservations for facilities that make sense. The collection of user agreements with critical conditions of use, required insurance documentation, maintenance coverage, and applicable staff coverage provide complexity to allowing users to reserve sports fields online across all facilities, specifically facilities like the Scottsdale Sports Complex, where a high percentage of use is tournament-

based and require a higher level of staff/customer interaction. Staff will work towards providing online field availability through ActiveNet, which will allow the public to know when and where sports fields are available. Additionally, we will explore options, pros, cons, staffing levels, and process enhancements related to the implementation of online field rentals.

The Parks and Recreation Department will work with the Community Services Technology Team and ActiveNet to explore the possibility of configuring pool usage by individual lanes. The department cannot guarantee that ActiveNet will support this type of configuration. When ActiveNet was implemented by the City, limitations in the existing application modules prevented a structure of reservations per lane/per hour. The department will work with our ActiveNet liaison to explore enhancements, but the implementation will be dependent on whether ActiveNet can execute system enhancements.

The Parks and Recreation Department will perform a full review of the existing Youth Sports Field Allocation Policy to determine process improvements that will allow the department to ensure compliance more effectively with updated allocation procedures. The department has already initiated discussion with the City Attorney's Office about recommendations related to the team roster verification process, which has been a point of contention with partner groups who have been hesitant to provide names and addresses of participants. Through this review we will evaluate all areas of the YSFA policy, including how field allocations are calculated based on the number of residents served and the implementation of a regular review system that allows us to more effectively ensure partner organizations are in good standing. Department staff are in the process of evaluating resources that may allow us to shift additional staffing to the YSFA Office, which will also allow us to ensure better compliance. The department's current staffing shortage has resulted in the YSFA team lining fields, officiating league games, and helping cover multiple areas within our department. We are working towards a better staffing model for this area, which is directly tied to our ability to recruit and hire effectively.

**RESPONSIBLE PARTY:** Nick Molinari, Parks and Recreation Director

**COMPLETED BY:** 7/1/2023

## **2. ActiveNet is not configured properly to ensure correct aquatic fees are charged, and cost recovery amounts used to set rates and fees for pools and fields are not reliable.**

### **Recommendations:**

The Parks and Recreation Director should ensure that staff:

- A. Configure ActiveNet to simplify the process of selecting Aquatics fees based on the user group and resource rented and the associated general ledger account codes to be more efficient and reduce the risk of error.
- B. Calculate recovery rates used to support Council-approved rates and fees by using all relevant direct and indirect costs.

**MANAGEMENT RESPONSE:** Partially Agree

**PROPOSED RESOLUTION:**

Scottsdale Parks and Recreation will work with the Community Services Technology Team to evaluate options for simplification of fee selections to reduce the risk of error. We agree with this recommendation, but we will need to work with ActiveNet to ensure the requested configuration changes can be implemented into our system. The recommendation will likely result in major changes to the charge matrix in ActiveNet, but staff will explore all options to reasonably adjust the process of selecting Aquatics fees by staff.

Scottsdale Parks and Recreation will work with our Budget Analyst and Business Operations Team to evaluate all relevant direct and indirect costs for cost recovery rates. Most of our operations share indirect costs in ways that are challenging to determine exact allocations of utilities, indirect staff time, and other indirect costs, but we will work to provide the most accurate direct and indirect cost recovery rates. The Community Services Division will continue to benchmark other cities, evaluate the market for like programs and services, seek Council guidance on where Scottsdale's rates and fees should sit within the range of other Valley cities, evaluate direct cost fluctuation, and provide the Council with fee recommendations that are in the best interest of our citizens and community.

**RESPONSIBLE PARTY:** Nick Molinari, Parks and Recreation Director

**COMPLETED BY:** 3/31/2023

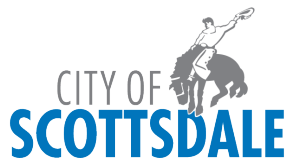
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