AUDIT OF THE CITY’S REAL ESTATE MANAGEMENT PROCESS

Audit No. 17-02
May 18, 2017

City of West Palm Beach
Internal Auditor’s Office

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## Executive Summary

**AUDIT OF THE CITY’S REAL ESTATE MANAGEMENT PROCESS, AUDIT17-02**  
**JUNE 1, 2017**

### OVERVIEW
- The City owns over 500 parcels of land with an estimated value in excess of $400 million.
- In FY2017, administration of some City-owned properties is being transitioned to the Department of Housing and Community Development (HCD).
- In FY2016, a land swap was done with the County to trade approximately 141 acres on Military Trail for 6 parcels of land downtown. In FY2016, the CRA purchased seven parcels of land, including the historic Sunset Lounge.
- In FY2017, the Director of HCD organized a Land Management Committee with representatives from various stakeholders to identify and resolve real property issues.

### SUMMARY FINDINGS
1. **Business Processes for Purchase and Sale of Real Property:** The City does not have a documented process in place for the acquisition and disposition of real property. The Land Management Committee, under the guidance of the Director of HCD, is working to establish procedures that will enable key stakeholders to be notified of changes in the City’s real estate portfolio.
2. **Maintenance of City-owned property:** Maintenance of City-owned lots, some of which are acquired from the County for back taxes, is being transitioned to HCD in FY2017. In addition, there has been a deterioration of certain streetscapes due to not considering irrigation, appropriate plantings, and maintenance needs at the time of design and installation.
3. **Valuation of Assets:** There is no documented process to enter or delete a property from the City’s accounts. In FY2017, this resulted in an over-valuation of $188,591 for one NSP property.
4. **Tenant Arrears:** The CRA’s tenant at the Sunset Lounge is in arrears on rent in excess of $25,000, plus late fees. The tenant has only paid $3,000 and the insurance on file is not current.
5. **Sidewalk Cafes:** The City is not charging the square foot fee as per City Ordinance 78-343.
6. **Single Source of Real Estate Portfolio Information:** City employees may not always be familiar with data available through the City’s IT systems, such as GIS, and other public databases such as the Palm Beach County Property Appraiser.
7. **Status of Old Loan Agreements:** The Finance Department could not provide the status of five of 13 loan agreements that were requested.

### SUMMARY RECOMMENDATIONS
1. **HCD should build upon the efforts made to date by the Land Management Committee to ensure that all relevant Departments are notified when a property is sold or otherwise disposed of.**
2. **HCD should continue to coordinate efforts to determine which Department will have on-going maintenance responsibility for City-owned property. Future streetscape projects should include representatives from Engineering, Utilities, and Planning before financial commitments to streetscapes are made.**
3. **HCD should work with Finance and related City Departments to develop a process that ensures land and buildings are valued accurately and that transactions are recorded timely in the City’s financial records.**
4. **The CRA should make every effort to collect the rental arrears and to ensure that appropriate insurance is in place for this lease and all other leases. In addition, the CRA should closely monitor property requirements to ensure that all contractual agreements are met in a timely manner.**
5. **The City should review its Ordinance and for FY2018, consider adding an appropriate square foot fee to the Comprehensive Fee Schedule.**
6. **HCD should ensure that there is one master resource for the City’s real estate portfolio available to all stakeholders.**
7. **All listings maintained by both Finance and HCD should be maintained and updated in a common database and clearly indicate the terms of the agreement, including the current status.**

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**FOR FURTHER INFORMATION ON THIS REPORT, CONTACT THE INTERNAL AUDITOR’S OFFICE AT: (561) 822-1380 OR WWW.WPB.ORG/DEPARTMENTS/INTERNAL-AUDITOR**
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Background

The City of West Palm Beach owns over 500 parcels of land and buildings with an estimated value in excess of $400 million. The City’s real property holdings vary from the watershed of the Grassy Waters Preserve to the land which the City Place development occupies. In FY2017, administration of some City-owned properties is being transitioned to the Department of Housing and Community Development (HCD). Both HCD and the Community Redevelopment Agency (CRA) have dedicated employees who are responsible for managing the real estate holdings in those agencies.

Through the CRA, the City is embarking on an ambitious project of redevelopment in the Historic Northwest. The purchase of the historic Sunset Lounge, and adjacent properties in FY2016 was first envisioned in 2002 and closed in 2016. In FY2017, HCD has worked with the City Commission to declare certain properties surplus and contracted with a real estate management firm to market and sell these properties so that they will be returned to the tax rolls.

In FY2016, a land swap was done with Palm Beach County to trade 141 acres of land on Military Trail to develop the Ball Park of the Palm Beaches. In return, the City received six parcels in the block bordered by S. Tamarind Avenue, S. Sapodilla Avenue, Evernia and Fern Streets, as well as a City Park to be developed at a later date on a site adjacent to the ball park.

In FY2017, the Director of HCD organized a Land Management Committee consisting of representatives from City departments as well as the CRA, who are tasked with identifying and resolving real property issues. It is anticipated that these efforts to consolidate responsibility for real property will continue for the remainder of FY2017 and beyond.

Statement of Scope

The audit period was FY2016, although we did request financial data for the first quarter of FY2017 for comparative purposes. We reviewed records associated with both the City, as well as the Community Redevelopment Agency. The audit included examining controls over purchases and sales, conducting extensive interviews with real-estate stakeholders throughout the City, site visits to City-owned properties as well as a review of selected mortgage agreements and fixed asset records to ensure that all records pertaining to the ownership of City assets were updated as appropriate.

This audit included a review of certain leases and mortgages administered by the CRA and HCD based on our prior review of documents obtained from Finance in connection with our review of Leases and Contract Revenue.
Statement of Methodology

We utilized several audit methodologies to achieve the objectives. These evidence gathering techniques included:

- Reviewing the City’s Code of Ordinances;
- Reviewing Florida Statutes regarding real estate transactions by municipalities;
- Conducting interviews with real estate stakeholders;
- Performing site visits to ascertain the condition of selected properties;
- Evaluating the City’s policies and procedures for the acquisition and disposition of real estate;
- Examining the internal control system over the recording of real estate transactions and identifying any material weaknesses; and
- Other audit procedures determined necessary.

Statement of Auditing Standards

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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.

Statement of Objectives

The objectives of this audit were to:

- Evaluate the City’s policies and procedures for the acquisition and disposition of real estate;
- Review the process for management of the City’s real estate inventory; and
- Review the process for valuation of City real property assets.

In addition, we evaluated the internal controls in place over these processes.
AUDIT CONCLUSIONS AND SUMMARY OF FINDINGS

Based upon our interviews, site visits, analysis of selected valuations of land and buildings, review of CRA tenant payments, and sample of HCD mortgage agreements, we noted the following opportunities for improvement listed below:

1. The City should implement a documented business process for the acquisition and sale of real property.
2. There should be a regular documented program of maintenance and inspection of all City-owned real property. Planting, irrigation and maintenance needs should be considered prior to installation of streetscapes.
3. All real property should be properly valued and updates to the City’s Fixed Asset accounts should be performed timely to reflect the correct fiscal year of the acquisition or disposition.
4. Tenants should be monitored to ensure that contractual obligations are fulfilled timely.
5. Sidewalk cafes should comply with all relevant City Ordinances.
6. HCD should ensure that there is one master resource of the City’s real estate portfolio available to all stakeholders, preferably through GIS that will enable users to look up a property.
7. HCD and Finance should update the common database for all mortgage and related agreements that would enable all approved users to obtain up to date information on agreements.

Noteworthy Accomplishments

We found knowledgeable and dedicated employees that were receptive to our recommendations for improvement and who provided input for our recommendations. Personnel in the CRA, and HCD, Parks, and Engineering, as well as other City Departments we contacted, provided data and information in a prompt and courteous manner when requested.

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OPPORTUNITIES FOR IMPROVEMENT

1) BUSINESS PROCESS FOR PURCHASE AND SALE OF REAL PROPERTY

The City and its component units should have a documented business process for the acquisition and sale of real property.

Condition

The City does not have a documented process in place for the acquisition and disposition of real property.

In FY2017, the responsibility for management of the City’s real estate portfolio was put under the direction of HCD. The Director has organized a Land Management Committee consisting of various stakeholders. At the present time, the City does not have a full-time Facilities Manager to handle all real property matters, although a member of the HCD staff has assumed some responsibilities.

At the most recent meeting of the Land Management Committee in March 2017, a draft checklist was presented by the City Attorneys’ Office of procedures and key Departments to be notified when the City acquires a parcel of property. Suggested revisions were made, in particular with the need to notify the individuals in Finance who account for the City’s Fixed Assets, as well as Utilities. In addition, during the second quarter of FY2017, HCD developed a Property Inspection Form to be used to process the intake of the property from the perspective of a physical inspection to ensure that any hazardous conditions are remediated, particularly on properties that are acquired from the County for back taxes. In addition, HCD agreed to keep a log of properties that are visited to track any changes in the condition of the property.

Many of the properties that the City receives from the County are not needed to meet the City’s long-term strategic plans. Properties that are identified as surplus may be donated to non-profit organizations, such as Habitat for Humanity. Some lots, which are non-buildable may be given to neighbors in order to restore them to the tax rolls. HCD is also in the process of developing a process to sell properties identified as surplus by the City Commission.

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… BUSINESS PROCESS FOR PURCHASE AND SALE OF REAL PROPERTY (continued)

The City has not documented the process for the sale of City real estate. Although there are statutory requirements at both the state and local levels governing the sale of property, the same Departments that would be notified of an acquisition need to be notified of a sale. This will help ensure that properties are removed from the fixed asset inventory, insurance policies, and maintenance lists.

Criteria

A defined business process, particularly when multiple Departments have varying degrees of responsibility, will help ensure proper communication and coordination between City Departments.

Purchase and Sale contracts are presented to the City Commission for approval. There are no documented City requirements governing the purchase of real property. The City Code Section for disposition of City-owned real property is 2-31(27). In addition Florida Statute 166.0451 covers the disposition of municipal property for affordable housing.

Cause

Until the second quarter of FY2017, the real estate function has been somewhat fragmented, with multiple Departments operating independently of one another.

Effect

The decentralization of responsibility for real estate management, as well as the unfilled need of a full-time Facilities Manager has contributed to limited coordination between departments.

Recommendation 1

HCD should build upon the efforts made to date by the Land Management Committee by finalizing the Property Acquisition Checklist as well as the Property Inspection Worksheet. The Land Management Committee should also develop a Property Disposal checklist to ensure that all relevant Departments are notified when a property is sold or otherwise disposed of.

Management Response:

We concur. We are continuing our efforts through the Land Management Committee to establish business processes for the acquisition and disposition of properties.
... BUSINESS PROCESS FOR PURCHASE AND SALE OF REAL PROPERTY (continued)

Target Implementation Date: FY2017

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2) MAINTENANCE OF CITY-OWNED PROPERTY

A robust maintenance program should be in place to ensure that all City real estate is properly safeguarded and that streetscapes and landscapes are adequately planned and installed.

Condition

The City maintains 54 parks and green spaces within the City. The City also maintains trees, vegetation, and irrigation systems along the City Streets and medians. In addition to City streets, historically, the City also maintains some streets that are under the jurisdiction of the County or the State based on past practice.

Maintenance of City-owned lots, many of which are acquired from the County for back taxes, has historically been the responsibility of the Parks Department Maintenance Division. In FY2017, responsibility for the oversight of City-owned lots is being transitioned to HCD. However, until the third quarter of FY2017, there was no coordination between Parks and HCD regarding which Department was responsible for particular lots. In April 2017, HCD entered into a contract with Marlin Landscaping to maintain HCD controlled properties. In April 2017, HCD and Parks arranged to exchange maintenance listings so as to avoid a duplication of effort.

The Community Redevelopment Agency contracts for their own maintenance. Parks also contracts out certain aspects of their maintenance responsibilities.

We performed a site visit of various locations throughout the City to ascertain the state of the maintenance operation and found the following conditions.

The 7th Street Square Streetscape in the Historic Northwest has experienced severe deterioration of its groundcovers and some trees. There is no grass, groundcover or plants, only brown dirt is visible on the ground. Some of the trees appear to be dead or dying. The total cost of this streetscape was approximately $603,352, including the hardscape. Irrigation was not installed as part of the project, and funds were not provided for on-going maintenance. We were advised that irrigation can add significant additional costs per mile to the project.

A portion of the Tamarind streetscape will need to be re-done, as there is a new multi-million dollar Capital Project involving both Utilities and Engineering for new pipes and roadway along Tamarind from Banyan Blvd. to Palm Beach Lakes Blvd. It is anticipated that new landscaping will also be installed, along with the necessary irrigation and funds set aside for maintenance.
... Maintenance of City-Owned Property (continued)

The next area we visited was 910 4th Street, one of the City owned lots that Parks maintains. We were advised that this lot was one of the most problematic to keep free of debris as the people in the community constantly dump trash and miscellaneous debris on the property. On the day of our visit, there was a large pile of trash in the back corner of the lot. There were several other lots within the area that Parks also maintains, but the 4th Street lot was the one in the worst condition. We were subsequently advised that this property was one of the surplus properties under contract for sale by HCD and therefore should no longer be an issue for the City. Two of the other properties we visited are also on HCD's listing for sale.

Criteria

Maintenance of City-owned lots should be coordinated between HCD and Parks to avoid duplication of effort. In planning streetscapes, consideration should be given to adding irrigation in the event of drought conditions, as well as remediation of the soil to give new plantings the opportunity to thrive. In addition, streetscapes should be planted with Florida Native Plants in accordance with the Mayor’s Sustainability Policy.

Cause

In the past, there has been a lack of coordination between City Departments, involving the installation of new landscaping prior to Utilities needing to perform infrastructure projects.

Effect

If consideration for adequate irrigation or soil remediation is not planned, and funds not provided for maintenance, the result can be plants not thriving and a dead or dying streetscape.

Recommendation 2

Future projects should include representatives from Engineering, Utilities, and Planning before financial commitments to future streetscape projects are made.

HCD should continue to coordinate efforts to determine which department will have ongoing maintenance responsibility for City-owned lots.
... MAINTENANCE OF CITY-OWNED PROPERTY (continued)

Management Response HCD:

We concur. As noted in the report, we have contracted with a vendor for maintenance of HCD properties. We will also work with other Departments to ensure that adequate planning is done on future land infrastructure projects.

Target Implementation Date: FY2018

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3) VALUATION OF ASSETS

Fixed asset records should be properly maintained and entries for the acquisition or disposition of assets done in a timely manner.

Condition

We reviewed all properties in the category “Land Held for Re-Sale” in the CAFR for FY2015. Both the HOME properties and NSP categories managed by HCD had multiple assets according to HCD. In FY2016, all the remaining HOME properties and some NSP properties were sold. We traced the remaining properties (Capital Projects and CRA) to their underlying valuation and did not note any exceptions.

We reviewed the listing of Neighborhood Stabilization Properties provided by HCD. The listing included approximately 40 properties, including those sold as well as those remaining in inventory. We reviewed the Property Appraisers website (PAPA) to test the first 20 properties to confirm which properties were sold and which were still listed as owned by the City. We then met with the Finance Department’s Fixed Asset Custodian to confirm that the properties listed as sold per PAPA had been removed from the inventory in the appropriate fiscal year. We found one property, 1016 14th Street, was not removed from inventory when it was sold in FY2015. Finance advised that it will be removed from the inventory in FY2017. The valuation of the property being carried in the general ledger is $188,591, and resulted in the general ledger inventory being overstated by $188,591.

Based on our initial finding, we reviewed the second group of 20 and found two additional sold properties that are still being carried on the City’s accounts: 817 21st Street and 909 14th Street. Finance has not yet responded to our request to provide the valuation of those additional properties and the date the sale will be recorded. Therefore there is a risk that the over-valuation of the remaining NSP properties could be higher than the $188,591 already identified.

During our review of valuation, we reviewed the transfer of property from the City to the County for the Ball Park of the Palm Beaches in exchange for six parcels of land in downtown and a park to be built adjacent to the Ball Park site. The entry to record the property received was not done until year end FY2016 even though the exchange occurred early in the fiscal year, in November 2015. The entry to record the other side of the transaction, the approximately 141 acres of property given to the County, has not yet been entered as of April 30, 2017. We were advised that the Accounting Division of Finance is working on establishing the value of that property and will record the entry during the third quarter of FY2017.
... VALUATION OF ASSETS (continued)

Criteria

Generally accepted accounting principles require that fixed asset accounting records are properly maintained and entries to fixed asset records be made in a timely manner. As properties are divested, the associated costs should be removed from the City’s accounts and the sale duly recorded in the appropriate fiscal year.

Cause

There is no documented process for notifying the Fixed Asset Custodian to add or remove a property to the City’s inventory.

Effect

Properties may not be added or deleted in a timely manner, which can result in either an under-valuation or over-valuation of properties held on the books of the City.

Recommendation 3

HCD should work with Finance and related City Departments to develop a process that ensures land and buildings are valued accurately and that transactions are recorded timely in the City’s financial records.

Management Response:

We concur and will draft an SOP to address a process for acquisitions and dispositions of properties.

Target Implementation Date: 4th Quarter FY2017

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4) TENANT ARREARS

The CRA should develop a plan to work with pre-existing tenants from prior owners to ensure agreed upon conditions are met following the transfer of property.

Condition

There has been a tenant in place, operating a bar at the Sunset Lounge for many years, who is currently a holdover tenant, as their lease with the CRA expired in December 2016. A review of the rents paid during the tenant’s initial six-month lease with the CRA, revealed that the tenant has only paid $3,000 of the approximately $15,000 owed under the lease agreement. As of April 2017, the tenant is in arrears in excess of $25,000, plus late fees. It is our understanding from the CRA that they are continuing to allow the bar to operate in a holdover status pending renovations commencing later in 2017. We were informed that the tenant is well known in the community, and therefore, a decision was made to continue to permit the business to operate notwithstanding the rent issue. The CRA also advised that the insurance on file for the tenant is not current and that they are working on getting updated insurance.

Given that the tenant operates a bar, evidence of current liability insurance, as well as liquor liability insurance is essential to protect the CRA.

The CRA also does not know if the rental amount is a proper reflection of the value of the premises and the current market rental rates for similar properties.

Criteria

Section 3 of the tenant’s six-month lease with the CRA provided for rent as follows:

- $2,000 for initial two months
- $2,500 for months three, four and five; and
- $3,000 for month six.

Section 3.4 provides for a late charge of $25.00 if payment is not received within five days of the due date, plus an additional $5 per day until payment is made.

Section 4.9 provides that the Tenant is also responsible for all Utilities.

Section 9 requires the Tenant to maintain appropriate levels of insurance.

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... TENANT ARREARS (continued)

Cause

Based on our interviews, the CRA made a business decision to enter into a lease with the tenant mainly to ensure the building was occupied.

Effect

The CRA has not collected approximately $25,000 in rent due plus late charges. In addition, there is a risk of loss as the tenant is not current with the required insurance.

Recommendation 4

The CRA should make every effort to collect the rental arrears and to ensure that appropriate insurance is in place for this lease and all other leases.

The CRA should more closely monitor property requirements to ensure that all contractual agreements are met in a timely manner.

Management Response:

We concur.

Target Implementation Date: To be determined

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5) SIDEWALK CAFES

City Ordinances regarding Sidewalk Cafes should be reviewed and enforced.

Condition

The City issues permits to restaurants and cafes to utilize City-owned sidewalks as extensions of their establishments. Section 78-343 of the City Ordinances sets forth the rules and regulations for the application process for these cafes. Sub-section (c) provides for a base application fee, which was $150 in FY2016, and a fee for each square foot of sidewalk area used. At the present time, the square footage fee is not being enforced and, based on our interviews, it has never been enforced. It is inequitable that a café that has a larger sidewalk area for tables should pay the same amount as a café with only a few tables. For example, the City of Lake Worth not only has a $150 permit application fee, but charges an additional $25 for an Administrative Fee, $25 for a Planning and Zoning Confirmation Fee, as well as a $4.00 per square foot fee. The City of Delray Beach charges the $150 Application Fee, and a $4.50 per square foot fee.

We recognize that there is a considerable economic benefit to both the City and the business through the operation of the sidewalk cafes. Yet, it is also important to recognize that the cafes should operate within the parameters of the City’s regulations. We noted several cafes with tables blocking the fire hydrants, which is not permitted, and with pedestrian walk-ways that appeared to be narrower than required under the terms of the Americans with Disabilities Act. It is essential that code enforcement regularly visit these establishments to ensure they are in compliance with the terms of their permit and the Ordinance. This can become a safety feature for both patrons of the cafes and pedestrians due to the narrow sidewalks, particularly on Clematis Street.

Criteria

Chapter 78 of the Code of Ordinances (Streets, Sidewalks, and Public Places) regulates Sidewalk Cafes. Section 78-343(c) provides for the square footage fee for Sidewalk Cafes.

Cause

There has been inadequate oversight regarding the charge of the per square foot fee.

Effect

The City has lost revenue by not charging the per square foot fee.
Recommendation 5

The City should review its Ordinance and for FY2018, consider adding an appropriate square foot fee to the Comprehensive Fee Schedule.

Management Response:

We agree to consider assessing the per square foot fee provided for by the City Ordinance. Economic conditions will be weighed as part of this decision.

**Target Implementation Date:** 1st Quarter FY2018

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6) SINGLE SOURCE FOR REAL ESTATE PORTFOLIO INFORMATION

City employees who deal with real property should have a single source to obtain the City’s real estate information.

Condition

There is a current database of City owned properties available through the City’s internal GIS system. This application utilizes information from the County’s Real Property Appraiser (PAPA), which is where information on real property ownership is recorded, and automatically updates the City’s system. It is essentially a live view which should be reflected in the application. The various City ownership entities are color coded for ease of use. However, at this point, the GIS can only look at the details of one property at a time, similar to what is available on PAPA.

In addition to the database, stakeholders in Engineering, CRA, and HCD also maintain their own listings of City-owned properties. Engineering’s list, which represents a data dump from PAPA that was done at some point prior to 2015, has not been updated to reflect 2016 and year to date 2017 additions and deletions.

City employees in key areas have not been familiarized with the use of databases; for example, Finance could use GIS, as well as PAPA to confirm if a property is still a City asset. The mapping capability is also user-friendly, allowing the user to see contiguous parcels of City-owned property, a functionality that is not available in PAPA. For example, the six parcels received by the City in return for the approximately 141 acres off of Military Trail for the Ball Park of the Palm Beaches in FY2016 are easy to view.

Criteria

City employees should be familiar with the tools that are available through the City’s Information Systems, as well as other public databases, such as PAPA, that are appropriate for their responsibilities.

Cause

City employees who would benefit from using this database may not be sufficiently familiar with the system.

Effect

Employees may not always check these up-to-date sources to determine or confirm the ownership of properties.
... SINGLE SOURCE FOR REAL ESTATE PORTFOLIO INFORMATION (continued)

Recommendation 6

HCD should ensure that there is one master resource of the City’s real estate portfolio available to all stakeholders, preferably through GIS that will enable users to look up a property either by street address or PAPA property control number to determine its status and then take appropriate action. In addition, managers should encourage employees to attend presentations and Open Houses sponsored by the Information Technology Department so that they can be introduced to and utilize, available technology to perform their jobs efficiently and effectively.

Management Response:

HCD, along with the Land Management Committee, will review the required data sets for a centralized real estate database, which may include the City’s GIS. It is anticipated that this will mirror the existing HCD Land Management Database.

Target Implementation Date: 3rd Quarter FY2018

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7) STATUS OF OLD LOAN AGREEMENTS

There should be a database, accessible to all employees who work with loan agreements, which would enable verification of both payment and current status.

Condition

We requested the status of thirteen loan agreements that were on a listing originally maintained by the Accounts Receivable Section of Finance. The results of our inquiry to HCD and the Special Revenue Group of Finance are as follows:

• One has a maturity date of June 2018 and is current with interest only payments per their agreement;
• One was foreclosed;
• Two have been satisfied;
• Four are current with payments; and
• Five need additional research.

HCD also advised that the entity making the interest only payments is refinancing and requesting that the City subordinate the loan. HCD and Finance are in the process of requesting additional documentation to determine if the project has the capacity to repay rather than subordinate and extend terms.

Criteria

All agreements, even those that are no longer current, should be maintained in a database, which clearly indicates the terms of the agreement, including current payment status, and date satisfied, if applicable. Any unusual events in connection with the loan should also be noted.

Cause

Past efforts to track loans and other similar types of agreements have been negatively impacted by limited staffing.

Effect

Finance and HCD may not be aware of the status of all old loan agreements. These agreements, based on the information in the original file, all date from the early 2000’s.
… STATUS OF OLD LOAN AGREEMENTS (continued)

Recommendation 7

All listings, maintained by both Finance and HCD should be maintained and updated in a common database, available to management of the Departments, and clearly indicate the terms of the agreement, including the current status. This listing should be reviewed and updated on at least a quarterly basis to reflect changes in the loan portfolio.

Management Response (Finance and HCD):

There are currently two common databases where loan portfolio information can be shared. One is the contract database, which has an HCD loan database that contains loan agreements and other relevant documents. The other is Oracle, which contains the information on accounts receivable for loans. Older loans may not have been entered into either of these two databases. Management is exploring the potential of bringing on temporary services to help analyze loan portfolios.

Target Implementation Date: FY2018

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