



CITY AUDITOR'S OFFICE

Development Agreements

May 4, 2018

AUDIT REPORT NO. 1809

CITY COUNCIL

Mayor W.J. "Jim" Lane

Suzanne Klapp

Vice Mayor Virginia Korte

Kathy Littlefield

Linda Milhaven

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May 4, 2018

Honorable Mayor and Members of the City Council:

Enclosed is the audit report for *Development Agreements*, which was included on the Council-approved FY 2017/18 Audit Plan. This audit assessed management controls over tracking and compliance with special improvements agreed to for zoning variances/bonuses.

The Planning and Development Services department did not have formal procedures to track development agreement requirements, and written guidance was not available. Records retention periods for some development agreement-related records were not specifically identified in the department's records inventory, and CDS user access was granted on a case-by-case basis rather than by staff role or function.

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:

Cathleen Davis, CFE, CIA – Senior Auditor
Brad Hubert, CIA – Senior Auditor

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AUDIT HIGHLIGHTS

Development Agreements

May 4, 2018

Audit Report No. 1809

WHY WE DID THIS AUDIT

An audit of Development Agreements was included on the City Council-approved FY 2017/18 Audit Plan. The audit objective was to assess management controls over tracking and compliance with special improvements agreed to for zoning variances/bonuses.

BACKGROUND

Development Agreements provide the City a means to ensure that large developments meet public needs through comprehensive infrastructure and public amenity planning. When a developer seeks additional height, larger floor area ratios or greater density than current zoning regulations allow, the City can require an added public benefit, such as public art or infrastructure improvements.

The Planning and Development Services department works with the developer and the City Attorney's office to draft a development agreement for City Council review and approval.

The department uses the Community Development System (CDS) to track development and zoning cases from pre-application through the final inspection services.

City Auditor's Office

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WHAT WE FOUND

Management controls for monitoring compliance with agreement requirements can be improved.

The Planning and Development Services department does not have formal procedures to track development agreement requirements and written guidance is not available. Specifically, we found:

- A lack of reports and supervisory reviews has allowed some development agreement requirements to be missed or delayed.
- Accounts receivable are not established for amounts potentially due to the City, which increases the risk that the funds will not be collected.
- Written policies and procedures could ensure more uniform administration of development agreements.

Records retention and information technology controls can be improved.

Development agreement-related records are not specifically identified in the department's records inventory and CDS user access is granted on a case by case basis rather than by role or function.

- The department's records inventory does not specifically identify a retention period for some development agreement-related records.
- The department does not have written guidance for authorizing staff access to CDS.

WHAT WE RECOMMEND

We recommend the Planning and Development Services department:

- Develop and implement formal policies and procedures to more efficiently record and monitor all development agreement requirements and deadlines.
- Work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.
- Define records retention requirements for development-agreement related records.
- Develop policies and procedures for authorizing access to CDS.

MANAGEMENT RESPONSE

The Department agreed with the audit recommendations.

BACKGROUND

In 1988, the Arizona State Legislature adopted legislation that permitted cities to enter into development agreements. When large parcels of land will be developed over long periods of time, development agreements provide the City a means to address public needs through comprehensive planning and requirements for infrastructure and public amenities, and they assure the developer that zoning law changes during the term of the agreement will not modify the originally approved plan. Further, comprehensive planning of a large parcel avoids piecemeal development of small tracts. Also, when developers seek additional height, larger floor area ratios or greater density than allowed by current zoning regulations, the City through a zoning case and associated development agreement can require the developer to provide additional public benefit, such as infrastructure improvements or public art.

Development Agreement Process

In general terms, commercial and multi-family residential development proposals begin with a pre-application process to determine the required review and approval process. Typically, the review and approval process includes a comprehensive development case submittal, City staff reviews, public notification and public hearings.

Figure 1 on page 4 further describes the commercial and multi-family development process. The Planning and Development Services department assigns a planner to each case when the pre-application process begins. When seeking exceptions to the Zoning Ordinance, developers must enter into a development agreement with requirements defining the public benefit to be provided in exchange for the requested zoning variances. The Planning and Development Services department works with the developer and the City Attorney's office to draft the agreement during the pre-application and case submittal process. The proposed development agreement must then be approved by City Council before the project can begin the plan submittal and review process.

Development agreements along with any proposed Zoning Ordinance amendments and zoning map changes must conform to the City's General Plan. The General Plan is a comprehensive, long-range policy document that guides the City's physical development and contains its policies on character and design, land use, open spaces and the natural environment. City staff use the General Plan to evaluate and to make recommendations on proposed development projects. If approved and the developer submits construction plans, a project moves through plan review, permit issuance and inspections. A Certificate of Occupancy completes the process.

For projects with a development agreement, the assigned planner is responsible for ensuring that the development agreement requirements are met. While some projects finish quickly, others can last for 30 years or more and be assigned to many different planners over time.

The City of Scottsdale has long held the philosophy that new development should "pay for itself" and not burden existing residents and property owners with the provision of infrastructure and public services and facilities.

Source: Scottsdale General Plan 2001

(Continued on next page)

Figure 1. Development Review and Approval Process

Step 1: Pre-Application, Case Submittal & Entitlement



- *Pre-Application Process* - Commercial and multi-family residential development proposals begin with the pre-application submittal, which will determine what review process will be required. The process then proceeds with a formal application (case submittal).
- *Case Submittal Process* - Most projects go through some aspect of the entitlement process and, therefore, may be required to go through one or more public hearings for approval. Different types of public hearings may be required as a part of this process.
- If proposed, a development agreement must be approved by City Council before the project can begin the plan submittal and review process.

Step 2: Plan Submittal & Review



- *Plan Submittal Process* - The City accepts plan submittals in paper or electronic media. The submitted plans (construction documents) must be sufficiently clear to indicate compliance with City codes and ordinances.
- *Plan Review Process* - Plan Review is to determine compliance with the City's adopted codes and ordinances. Construction documents for the building or structure must be in compliance before a permit can be issued.

Step 3: Permit Issuance



- *Permits* - Issuance grants authorization for construction to occur and allows the City to perform inspections.

Step 4: Inspection Process



- Construction or work requiring a permit is subject to inspection so that the City can determine it is being done in accordance with the approved plans and the City's adopted codes and ordinances. The work must remain accessible for inspection purposes until approved.

SOURCE: Auditor summary of www.scottsdaleaz.gov/planning-development/commercial-process.

Community Development System (CDS)

The department uses CDS, an internally developed software system built in the 1990s, to track development and zoning cases from pre-application through the final inspection services. CDS links to the City's Land Information System (LIS) to verify the CDS location data and to automatically retrieve related information such as parcel numbers and zoning classifications. Figure 2 summarizes information currently being tracked in CDS.

Figure 2. Community Development System (CDS) Phases



SOURCE: Auditor analysis of CDS information provided by the Planning and Development Services department's technology staff.

Planning and Development Services Workload Measures

The Planning and Development Services department tracks certain workload measures, including statistics by case type. Table 1, on page 6, summarizes these statistics for calendar years 2015 through 2017.

Table 1. Planning and Development Services Workload Statistics

Calendar Year:	2015	2016	2017
Development Review Board Cases	85	75	62
Preliminary Plat Cases	12	16	18
General Plan Cases	6	10	7
Text Amendments	6	4	7
Rezoning	31	34	29
Conditional Use Permits	23	19	17
Abandonments	14	14	15
Infill Incentive Cases	0	2	2
Hardship Exemptions	1	1	1
Liquor Licenses / Extensions Permanent	135	121	114
Bingo	0	0	1
Board of Adjustment Cases	15	15	8
Historic Preservation	15	24	52
In-Lieu Parking	3	5	0
Minor Amendment	3	7	3
Total	349	347	336

Note: The department report indicates these counts exclude administratively approved applications.

SOURCE: Planning and Development Services department quarterly statistics report.

OBJECTIVES, SCOPE, AND METHODOLOGY

An audit of *Development Agreements* was included on the City Council-approved fiscal year (FY) 2017/18 Audit Plan. The audit objective was to assess management controls over tracking and compliance with special improvements agreed to for zoning variances/bonuses.

To prepare for this audit, we reviewed a previous audit related to the Planning and Development Services department that was conducted by the City Auditor's office: *In-Lieu Parking Program*, Report No. 0911, as well as related audit reports recently completed by other auditors. In addition, we reviewed:

- Relevant sections of Scottsdale City Code, including:
 - Appendix B, *Basic Zoning Ordinance*
 - Sec. 1.901 *Purpose* and Sec. 1.902 *Powers of the Development Review Board*
 - Sec. 1.601 *Powers of the Planning Commission*
- Administrative Regulation 215 *Contract Administration*
- Administrative Regulation 269, *Miscellaneous Accounts Receivable*
- Relevant sections of *Federal Information Systems Control Audit Manual (FISCAM)*, February 2009

To gain an understanding of development agreements and the City's Planning and Development Services department we interviewed Planning and Development Services department staff, including the Division Director, the Current Planning Director, the Development Services Manager, the Principal Planner, Senior Planners, the Development Services Records Supervisor and the Systems Integrator. Further, we reviewed the department's website and related information in the City's budget books and financial reports.

To identify the population of Council-approved development agreements, we searched City Council agendas and resolutions for the term "development agreement." We identified 24 development agreements approved during calendar years 2015 through 2017, which included 5 that amended existing agreements.

To accomplish the audit objective, we:

- Reviewed the 19 new development agreements and associated City Council Reports and determined that 8 had bonus variances and incorporated additional requirements and stipulations. For testing, we selected these 8 development agreements from calendar years 2015 through 2017 and 3 development agreements chosen from earlier years (1990 through 2012).
- Determined if permits and/or certificates of occupancy were issued prior to the developers completing development agreement requirements and/or zoning stipulations.
- Evaluated whether development agreement requirements and/or zoning stipulations were completed timely based on the agreement terms.
- Assessed management controls (supervisory oversight and review) related to development agreement requirements and/or zoning stipulations.

- Identified development agreement financial receivables and interviewed the Development Services Manager and the Accounting Director regarding controls and recordkeeping.
- Reviewed current Community Development System (CDS) users to identify current and former employees with system access.
- Analyzed job titles and user access rights of selected current City employees to evaluate appropriateness of access.

Our audit found that management controls over monitoring compliance with development agreement requirements and managing records and information technology can be improved.

We conducted this audit in accordance with generally accepted government auditing standards as required by Article III, Scottsdale Revised Code §2-117 et seq. 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 January 2018 through April 2018.

FINDINGS AND ANALYSIS

1. Management controls for monitoring compliance with development agreement requirements can be improved.

The Planning and Development Services department develops and administers development agreements. However, formal procedures to monitor compliance with development agreement requirements have not been established and written guidance is not available. Also, development agreement receivables are not recorded and monitored, and current recordkeeping is inefficient.

- A. The Planning and Development Services department has not established formal procedures to monitor timely completion of development agreements, and some requirements were not met.

Development agreements may require property owners to provide a public benefit, such as road improvements, public parking, public art, traffic studies, or utility undergrounding, before their project's building permits are issued. Further, some requirements have fixed due dates while others may be tied to a project phase. Without formal procedures, the department relies on case stipulation documents and the individual planners to recall and monitor development agreement requirements.

Three of the 8 recent development agreements had requirements that were not enforced or lacked documentation.

1. In 2015, in return for obtaining approval to add three stories to the Project A parking structure, the property owners were required to:

- Make available 60 public parking spaces on the added levels for evening and weekend use and provide public easements to reach those spaces. The Current Planning Director stated that requirements affecting other City departments, such as parking, pavement or water, would be managed by those areas due to their technical expertise to make sure the work is done properly.

Though Planning and Development staff indicated that the City's Transportation staff had verified these parking requirements, the Right-of-Way (ROW) Supervisor was not aware of the requirement. When auditors asked about the status of these parking spaces in March 2018, the ROW Supervisor subsequently reported back that they did not appear to be provided at this time. When checked, the gate blocking access to the upper level parking was open for evening use. But signage in the area states that unauthorized parkers will be towed and that public parking is on the first two levels.

- Pay the overdue public art balance from the previous property owner as well as an additional public art payment.

The project's public art payment was made in one lump sum, and the recorded information did not specify whether it included both the overdue balance and the new amount. Department staff reviewed a former planner's email archive to find documentation that the payment included both amounts due.

2. Project B owed \$251,949 by the end of the agreement's third calendar year (December 31, 2017) regardless of whether any building permits were issued. However, department staff believed the payment was not due until the developer moved forward with the next phase of the project. As a result, funds have not been collected as of March 2018, and the amount due increased to \$260,767. Staff is now working with the developer to propose an amendment allowing an additional year to make the payment.
3. For Project C, department staff issued building permits before full payment was received. The project's development agreement required an \$814,000 payment for public art before building permits would be issued. However, department staff issued the building permits for a partial payment of \$684,000. According to department staff, the developer asked to get the permits with the partial payment and returned to pay the remaining \$130,000 four days later. These transactions were not consistent with terms of the development agreement.

Although not documented at the time, the Planning and Development Services Director explained that due to the specific circumstances of this project, he approved the issuance of building permits with the partial payment with the requirement that the remaining amount due be paid within a week.

By not having a formal system for tracking development agreement requirements, there are no management information reports and supervisory reviews to minimize the risk of missed requirements and deadlines. Also, Planning and Development Services can better ensure the development agreement requirements are met by formally notifying other departments of relevant requirements to monitor and requesting confirmation when the requirements have been met.

- B. The Planning and Development Services department does not establish and maintain accounts receivable for amounts due to the City from development agreements. The department also does not inform the City Treasurer's office of these potential receivables so that Accounting can establish a receivable record.

Administrative Regulation (AR) 269, *Miscellaneous Accounts Receivable*, defines a receivable as "an amount due to the City that has not been received." Further, it states "receivables should be recognized and reported in accordance with generally accepted accounting principles (GAAP)." In some instances, at the time Council approves the development agreement, the "receivable" may not meet all criteria for financial reporting purposes.¹ However, for internal control purposes, a receivable should still be recorded so that it can be evaluated each year for collectability and financial reporting. Not monitoring development agreement receivables increases the risk that the City will not receive substantial amounts when they are due.

As shown in Table 2 on page 11, as of March 31, 2018, approximately \$1.5 million exists in current and potential future receivables for development agreements approved by Council during calendar years 2015 through 2017.²

¹ The amount may not be due until some future action occurs or criteria is met.

² Since the department does not maintain a list of open development agreements, other amounts may be due from development agreements approved by Council prior to calendar year 2015.

Table 2. Development Agreement Receivables

Development Agreement	Receivable	Due 2017/2018	Potential Future
Project B – Phase 1 ¹	\$261,000	\$261,000	\$ 0
Project D ²	\$508,000	\$275,000	\$233,000
Project E ³	\$775,000	\$ 0	\$775,000
Total	\$1,544,000	\$536,000	\$1,008,000

¹ Payment was due by December 31, 2017 but was not collected.

² The total includes \$275,000 due by December 31, 2018, and a maximum of \$233,000 for the future potential removal of public parking spaces.

³ This potential receivable total includes \$75,000 due upon the issuance of any Phase 1 permit and \$700,000 to be paid in the future if utilities are not relocated underground within ten years.

SOURCE: Auditor analysis of City development agreements approved during 2015-2017.

C. The department has not developed written policies and procedures for effective development agreement administration and oversight. Written policies, including reference to the City’s administrative regulation for contract administration, and standard forms or checklists could ensure more uniform day-to-day administration of development agreements and facilitate supervisory monitoring.

1. The department does not maintain a list of Council-approved development agreements. Maintaining a list of the agreements along with the related requirements would allow the department to more efficiently track which requirements have been completed and which remain open. The Current Planning Director stated that the department does not maintain a list because Council-approved development agreements are retained by the City Clerk’s office. However, as development agreements are not uniquely numbered or identified, it is inefficient to search Council agendas or contracts to locate them. Also, the department needs the information to effectively monitor development agreement performance.

Instead, the department relies on individual planners monitoring their assigned development agreements and the associated zoning stipulations and has not developed systematic tracking or supervisory review methods where department management can easily check to see if requirements are being met. Implementing a systematic recordkeeping method and information reports would help the department monitor development agreements’ open requirements, requirement due dates, and closed requirements to ensure that the agreements are fulfilled.

2. The department uses its Community Development System (CDS) to track development project information, including pre-applications, development and zoning cases, plan submittals, plan reviews, fee and permit payments, building permits and inspections. However, the system does not include specific fields to identify those with development agreements or their associated requirements. Planning and Development staff explained that they can enter CDS notes about agreement requirements and payments, but the notes are not required. Additionally, requirement notes are not added when the development

agreement is approved by Council. Instead, any notes are entered later if the developer submits plans for plan review. Further, because development agreements can take many years to implement, identifying all the requirements of an agreement and determining which have been met or are still open can take a substantial amount of research.

3. Development agreements, in conjunction with zoning case stipulations, can allow variations from City zoning requirements. While a zoning case's stipulations typically include all requirements that need to be checked in plan reviews, a development agreement may contain additional relevant requirements. For example, the Project D development agreement included green building code requirements that were not listed in the zoning case stipulations. Plan reviewers may not be notified of unique development agreement provisions, and review sign-offs do not specifically document that they were verified.

A summary of development agreement requirements together with the zoning stipulations list would help to document any approved or required variations and assure that plan reviewers specifically check these for compliance.

Policies and procedures related to development agreement administration could be based on the City's AR 215 *Contract Administration* and include such guidelines as contract oversight, supervisory reviews and appropriate documentation. Also, written procedures and information system enhancements could assist department staff in monitoring and documenting the timeliness and completeness of development agreement requirements.

Recommendations:

Planning and Development Services department management should:

- A. Develop and implement policies and procedures to more efficiently record and monitor all requirements and deadlines included in development agreements and maintain organized documentation to verify completed requirements.
- B. Work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.
- C. Develop written policies and procedures to provide efficient and effective development agreement administration and oversight. This should include:
 1. Maintaining a record of all development agreements along with their requirements and status, and implementing a report, checklist or matrix that assists with monitoring and supervisory review of development agreement requirements.
 2. Establishing a method to ensure that Council-approved development agreements and their requirements are recorded and tracked with the associated land parcel.
 3. Document that plan reviewers are informed of and verify that submitted plans also meet any applicable development agreement requirements.

2. Records retention and information technology controls can be improved.

In administering development agreements, Planning and Development Services department staff obtain and create records and use the Community Development System (CDS) to track various aspects of development projects. However, development agreement-related records are not specifically identified in the department's records inventory and CDS access is granted on a case by case basis rather than by role or function.

A. Records management of development agreement-related records can be improved.

While Council-approved development agreements are maintained by the City Clerk's office, the Planning and Development Services department does not always have organized supporting records to document development agreement requirements have been met.

Development agreements can cover an extended time, with some identified agreements encompassing 20 to 30 years. The department's records inventory requires permanent retention of certain record types but does not specifically identify a retention period for development agreement-related records. Some of the related records, such as cash receipts, have retention periods of as few as 3 years after the fiscal year created. Others, such as third-party documents that support compliance with the development agreement terms and agreement-related communications, are not specified. Not identifying a specific retention period for development agreement-related records increases the risk that routine but important documentation will not be retained.

The City's AR 215 *Contract Administration* provides guidance for relevant records and retention periods that can also be applied for development agreements. This AR specifies that the contract file should include payment records received during the life of the contract. Also, all correspondence, conversations and other pertinent data are to be maintained in the contract file. Further, AR 215 requires the Contract Administrator to retain the contract file for six years after the completion of the contract or until expiration of any warranties, whichever is later. Outlining similar retention requirements for development agreement-related records would help ensure that sufficient documentation, to support that the development agreement requirements had been met, is maintained for the life of the agreement.

B. CDS access levels can be better managed.

The department does not have written guidance for authorizing staff access to CDS. Policies and procedures should address the user access needed for routine operations and for emergencies. Further, access controls should enforce segregation of duties and be based on the least privilege principle.³

Managing user access can be simplified by developing standard user profiles that describe the access needs for users with similar duties, such as planners. Instead, the department's current practice is to grant limited access rights, increasing access if the user requests it.

For example, as shown in Table 3 on page 14, Current Planning staff in the same or similar roles have varying permissions in CDS. Only two of the seven Senior Planners have the same access, and the three Planners and three Associate Planners have varied access. These variations are based on staff requests rather than job responsibilities.

³ The least privilege principle refers to providing only the system access necessary to perform one's job duties.

Table 3. Primary CDS Access for Selected Positions

	Lock Document	Edit Template	Replace Document	Records Dept Save	Edit Case Description	Unlock Document	Print Amended Permit
Principal Planner							
Senior Planner 1							
Senior Planner 2							
Senior Planner 3							
Senior Planner 4							
Senior Planner 5							
Senior Planner 6							
Senior Planner 7							
Planner 1							
Planner 2							
Planner 3							
Associate Planner 1							
Associate Planner 2							
Associate Planner 3							

SOURCE: Auditor analysis of CDS user access table data, February 27, 2018.

Implementing role-based access control policies would help to ensure Current Planning staff had appropriate access based on business need and the least privilege principle. It also has the advantage of making access simpler to manage.

Recommendations:

Planning and Development Services department management should:

- A. Define records retention requirements for development-agreement related records.
- B. Develop policies and procedures for authorizing access to CDS, including role-based security groups with appropriate functions based on job duties and the “least privilege” principle.

MANAGEMENT RESPONSE



Planning and Development Services

7447 East Indian School Road, Suite 105
Scottsdale, Arizona 85251

To: Sharron Walker, City Auditor
From: Randy Grant, Planning & Development Services Director
Date: April 30, 2018
Re: Development Agreements, Audit No. 1809

The Planning and Development Services Department appreciates the opportunity for an outside review of the Development Agreement implementation process. The findings show various process improvements that should be done to ensure proper review and documentation of execution of the terms of the growing the development agreements.

Planning and Development Services has already implemented the process improvements necessary to address the audit findings. These include the creation of a new development agreement (DA) case file number searchable by the widely used digital Community Development System (CDS). Development agreements have historically been a procedural "add-on" associated with other types of case processing, such as rezoning and development review cases. The creation a new file type will immediately allow for better record keeping, communication and milestone reporting of development agreements. An embedded tickler system will notify staff of approaching deadlines and will monitor documentation of phasing or other requirements unique to each development agreement.

Many of the process improvements will be managed digitally with few impacts to existing resources. However, with a formal DA application now implemented to enhanced tracking and documentation, additional review time or other resources may be necessary in future years as more departments are regularly involved in the review and implementation processes.

MANAGEMENT ACTION PLAN

1. Management controls for monitoring compliance with agreement requirements can be improved.

Recommendations:

Planning and Development Services department management should:

- A. Develop and implement policies and procedures to more efficiently record and monitor all requirements and deadlines included in development agreements and maintain organized documentation to verify completed requirements.
- B. Work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.
- C. Develop written policies and procedures to provide efficient and effective development agreement administration and oversight. This should include:
 1. Maintaining a record of all development agreements along with their requirements and status and implementing a report, checklist or matrix that assists with monitoring and supervisory review of development agreement requirements.
 2. Establishing a method to ensure that Council-approved development agreements and their requirements are recorded and tracked with the associated land parcel.
 3. Document that plan reviewers are informed of and verify that submitted plans also meet any applicable development agreement requirements.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. Management Proposed Resolution:
 1. A Development Agreement Policy is being prepared that outlines a) the purpose of development agreements, b) state statutes and definitions, and c) how development agreements are submitted, processed, implemented and closed out. This policy will be written and distributed to new hires, as well as included in staff training provided annually.
 2. Currently development agreements are a part of a larger case file for the rezoning case. The DA's have a document number, but not a "case" number – such as rezonings (ZN), conditional use permits (UP), liquor licenses (LL), development review (DR), abandonments (AB), etc. – that are tracked in the digital Community Development System (CDS). Effective 4/23/18 a new category of case file was created (DA). Development agreements will now be assigned DA case numbers and will be searchable in CDS.
 3. A formal application is now required for development agreements, and the application is processed concurrently with any rezoning case that the DA is implementing. This

allows information to be readily shared, and a formal case file (hard copy and digital) is established. Note: In the event a rezoning case is not being processed with the DA (which is not typical), the DA will be processed independently.

B. Management Proposed Resolution:

1. Once a DA application is submitted, the Treasurer's office, Public Works office, and Legal office will now be notified that a development agreement has been initiated and that negotiations have begun on the terms of the agreement. Because the requirements of the agreement are not known at the time of application, this notification will serve as a "placeholder" for those departments.
2. Within 15 days after approval of the agreement by City Council, the Planner coordinating the case will now contact the Treasurer's office to establish any accounts that may have been approved for in-lieu payments or special improvement payments that were required by the DA. Those account numbers will be assigned to that DA number in the CDS case file, so that any payments received at the One Stop Shop (OSS) can be applied to the correct account and credited to the developer as fulfillment of that requirement.
3. Until the requirements of the DA are met, CDS will now be coded to cause a pop-up on the screen of any staff representative at the OSS when a permit application is submitted for the project.
4. When conditions of the development agreement are fulfilled, the DA case will be closed.
5. On a quarterly basis, a team of staff from Planning, Treasurer's office, Public Works and Legal will meet to confirm closed DA cases and discuss new and ongoing development agreements.

C. Management Proposed Resolution:

1. Effective 4/23/18 a new category of case file was created (DA). Development agreements will now be assigned DA case numbers and will be searchable in CDS. This case file includes a milestone tracking system with necessary alert functions.
2. Currently development agreements are mapped in a layer in the city's Land Information System and the agreement for that development project can be accessed by clicking on the property. Since the LIS is not the first place that someone might look for this information, the formal DA case will also cause the agreement to be tracked with the property in all of the city's GIS databases and will track the agreement as part of any associated rezoning case.
3. All plan reviewers work from the stipulations of the zoning case. Development agreement requirements should always be reflected in the stipulations. The new Development Agreement Policy will provide direction that all requirements of a DA will be coordinated by the plan reviewers throughout the DA review process and final plan implementation process.

RESPONSIBLE PARTY: Planning and Development Services Director

COMPLETED BY: 05/01/2018

2. Records retention and information technology controls can be improved.

Recommendations:

Planning and Development Services department management should:

- A. Define records retention requirements for development-agreement related records.
- B. Develop policies and procedures for authorizing access to CDS, including role-based security groups with appropriate functions based on job duties and the “least privilege” principle.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. Development Agreements are recorded by the Maricopa County Recorder (MCR) and are retained permanently. Case files contain records related to the Development Agreement and are retained permanently. With the newly created DA case type, Development Agreements will now also be included in the digital folder and readily available in the Document Management program.
- B. Regrouped staff permission levels in CDS using four tiers in role-based security groups for various access levels.

RESPONSIBLE PARTY: Planning and Development Services Director

COMPLETED BY: 05/01/2018

City Auditor's Office

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