



CITY OF SAN ANTONIO

P. O. BOX 839966
SAN ANTONIO TEXAS 78283-3966

May 19, 2011

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SUBJECT: City South Management Authority Audit Report

We are pleased to send you the audit report of the City South Management Authority. This audit began in May 2010 and concluded with a summary meeting with department management in March 2011. Management's verbatim response is included in *Appendix C* of the report. The International and Economic Development and Planning and Community Development Departments should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,

Kevin W. Barthold, CPA, CIA, CISA
Acting City Auditor
City of San Antonio

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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of City South Management Authority

Project No. AU10-006

May 19, 2011

Executive Summary

As part of our annual Audit Plan, we conducted an audit of the management of the City South initiative. The audit objectives, conclusions, and recommendations follow:

Is execution of the City South initiative consistent with City Council ordinances and other relevant guidelines?

Due to pending litigation regarding zoning issues, we did not address the zoning aspects of City South. However, we reviewed the administrative oversight and expenditures associated with the execution of the City South initiative.

Oversight of the City South initiative can be improved by tracking of community indicators, development of internal performance measures, and improved reporting of City South activities to City Council and Management.

Community indicators established in the City South Community Plan were not monitored. Internal performance measures were not established to track City efforts and resources used to support the City South initiative. We also noted that an adequate reporting process of the progress towards City South goals and objectives does not exist.

During the course of the audit, City Management conducted a departmental reorganization to improve the management of City South. As a result, management transferred the responsibility for managing City South from the Economic and International Development Department (EDD) to the Planning and Community Development Department (PCDD). As the new custodian of the City South initiative, the PCDD Director should comply with the City's Unified Development Code (UDC) by developing and monitoring performance measures to evaluate progress towards the goals identified in the Sector Plan. Additionally, the Director should establish internal performance measures to track critical activities and use of resources related to City South. The Director should also comply with the UDC by establishing a formalized reporting process to ensure that City Executive Management and City Council receive adequate information regarding the progress made towards achieving City South goals and objectives.

Also, based on our review, City South Management Authority expenditures were appropriate and properly authorized.

Management's verbatim responses are in **Appendix C** on page 9.

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Background

City of San Antonio's Development and Land Use Plans

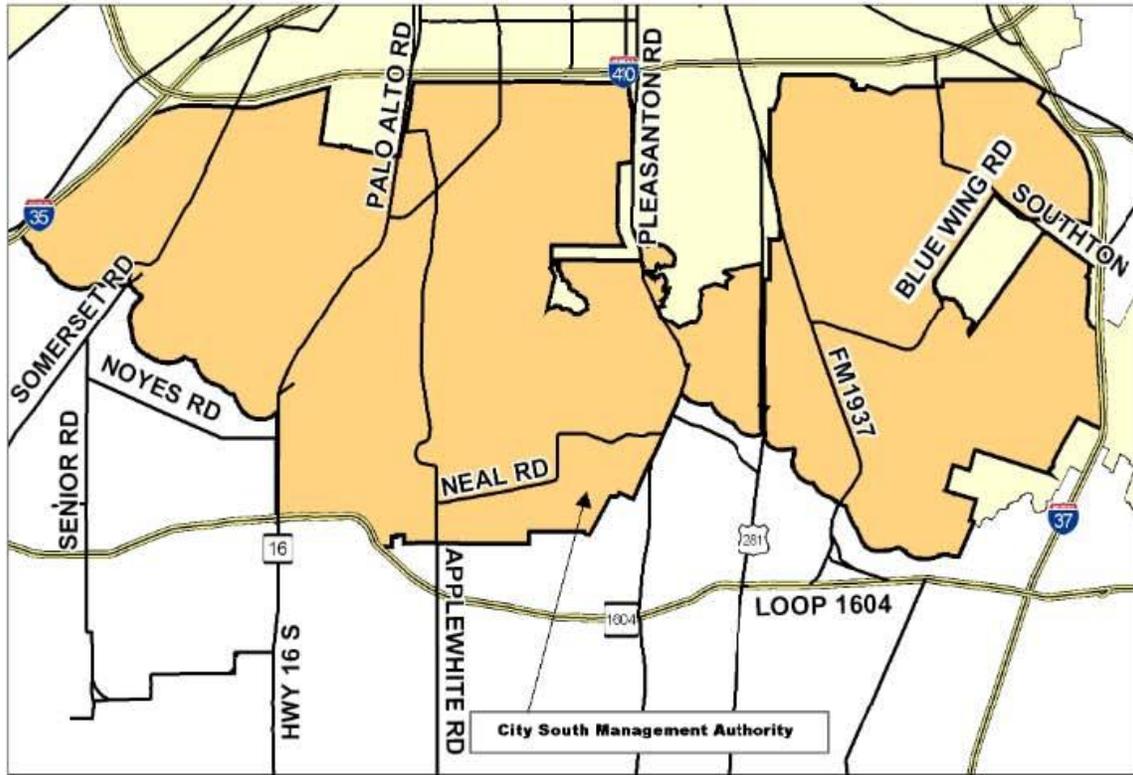
In 1997, City Council adopted the City's Comprehensive Master Plan (Master Plan) which provides broad goals and policies to guide future decision-making and evaluation of City programs and initiatives over the next 25 years. The City Council also adopts Sector Plans, Community Plans, Neighborhood Plans, and Citywide Functional Plans as components of the City's Master Plan. These plans focus on different geographic scales and topics taken at different points in time. A *Sector Plan* is a long-term guide for the future growth, conservation, and redevelopment of all physical aspects of the City on a sub-regional level. *Community Plans* are for areas with a population greater than 10,000 and include multiple neighborhoods. *Neighborhood Plans* cover a smaller area usually including at least one neighborhood unit. *Citywide Functional Plans* focus on whole areas or systems, such as the environment, transportation, and parks. All the plans in the City's collection are vital to understanding the united vision and desires of area stakeholders. For an effective plan adoption process, all plans should be consistent with the City's Master Plan.

In 2002, the City of San Antonio identified the need for balanced, sustainable growth on the City's Southside. In order to address this need, City staff and City Council created the City South initiative.¹ This initiative has several goals and objectives associated with cultural and historic resources, land use, transportation, community facilities, parks and open space, and urban design. The City's Planning and Development Services Department began by developing the City South Community Plan (Community Plan) as a guide for encouraging controlled development and land use within the Southside area. The City Council adopted the Community Plan in the summer of 2003.

In 2005, the City Council established the City South Management Authority (the Authority) and a Board of Directors (the Board) as a tool for implementing the Community Plan. The Authority is an independent political subdivision of the State of Texas created to foster economic opportunity, job generation, and capital investment in the area known as City South. See **Exhibit A** on page 2 for the Authority boundary map. The Board, which governs the Authority, consists of six City appointees, six Bexar County appointees and three school district appointees. Traditionally, the Board's primary focus has been on addressing City South zoning issues.

¹ The City South initiative includes cooperation from Southside property owners, stakeholder organizations, and officials from various regulatory agencies such as Bexar County, School Districts, City Public Service, San Antonio Water System, and various City Departments.

Exhibit A: City South Management Authority Boundary Map

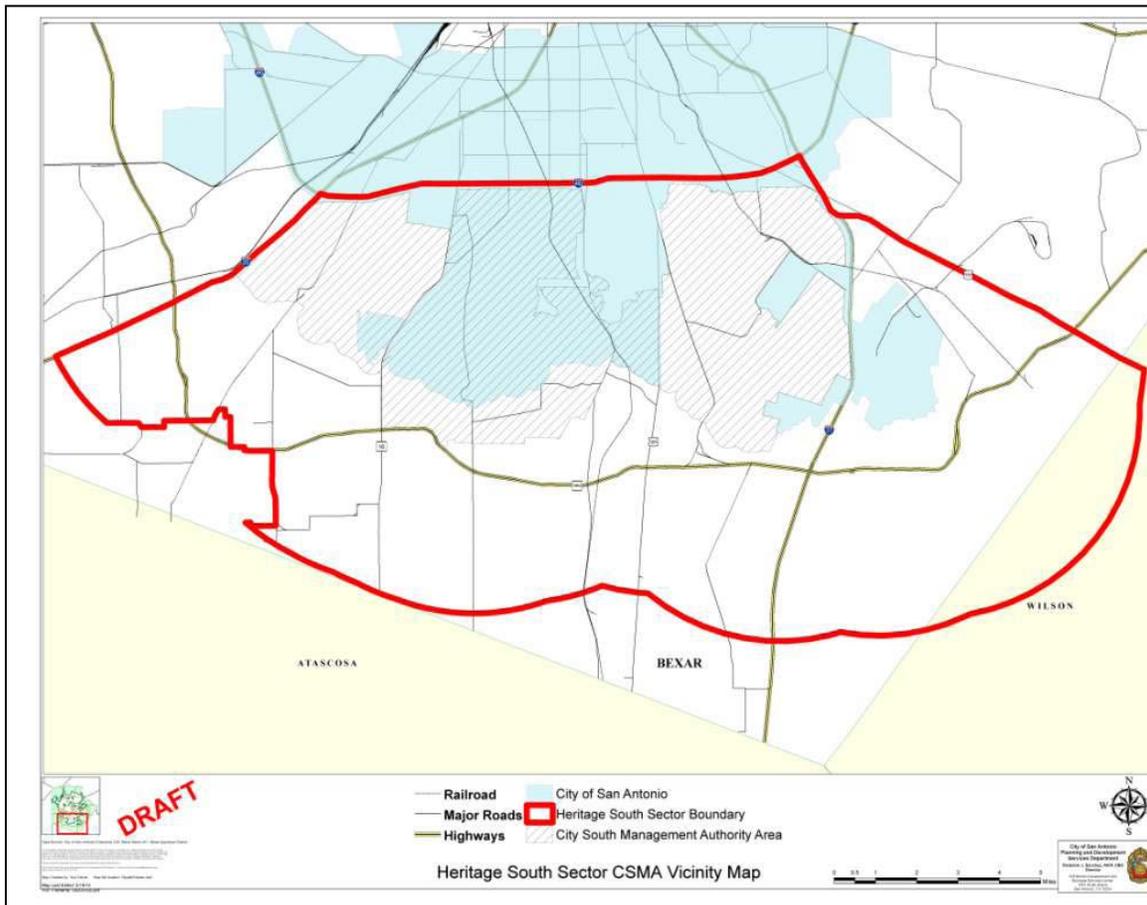


Source: City South Management Authority Community Plan

The San Antonio Unified Development Code (UDC) establishes standards and procedures for new development in the City. The UDC also provides guidance on the implementation of the City's Master Plan, including the framework for establishing Comprehensive, Community and Neighborhood Plans. According to the UDC, all plans shall be reviewed at least once every five years and if necessary amended by the City Council.

In September 2010, the City Council adopted the Heritage South Sector Plan (Sector Plan) as a replacement for the City South Community Plan. It is one of seven sector plans for the City. Each sector plan is developed through a collaborative process that enables individuals and organizations to share views about current community conditions and to work together to set future priorities. Both the Sector and Community planning areas have similar issues, values, and characteristics. However, the Heritage South Sector Plan expanded upon all the elements in the City South Community Plan. It also brought in two crucial plan elements, Economic Development and Housing. Thus, the Sector Plan is more comprehensive than the Community Plan for the Southside area and therefore supersedes the Community Plan. The boundary map for the Heritage South Sector Plan is included at **Exhibit B** on page 3.

Exhibit B: Heritage South Boundary Map



Source: Heritage South Sector Plan

City Management and Staffing of the Board

The City South Management Authority’s Board has an Executive Director, who oversees its administrative operations and is responsible for providing staff support, addressing legal issues, and overseeing the budget. A City executive has traditionally held this position. In addition to the Executive Director position, the City funds two full-time positions and one intern position dedicated to providing administrative support to the Board. Currently, the City has only one of the full-time positions filled. The duties for this position include, but are not limited to, preparing meeting agendas and minutes, notifying the public of meetings, and reviewing and approving expenses associated with the Authority. Since inception, the City has been its only source of funding. The Authority’s expenditures relate primarily to personnel costs and professional contracting fees and have averaged approximately \$200,000 over fiscal years 2009 and 2010.

Originally, City South was its own City department with a Director who also served as the Board’s Executive Director. However, in 2007, the Economic and International Development Department (EDD) and the Director of EDD assumed

the title and duties of the Executive Director position. In 2010, City Management transferred the management responsibility of City South to the Planning and Community Development Department (PCDD) and designated a new Executive Director.

EDD is associated with the findings in our report because it was responsible for managing the City South initiative during the majority of the scope of our review. However, we directed the recommendations to PCDD management as the new custodian of the City South initiative.

Audit Scope and Methodology

The audit scope included the City South Community Plan, Heritage South Sector Plan, City South Management Authority's Board, and City staff with duties related to implementation of the City South initiative. During the course of our review, it came to our attention that some City South landowners had filed lawsuits against the City for issues regarding zoning. In compliance with government auditing standards, we chose to withdraw work on that portion of our audit. Instead, we focused on the administrative oversight associated with the execution of the City South initiative.

We interviewed the Authority's Board Presiding Officer, as well as City staff with duties associated with City South. We reviewed criteria including the City South Community Plan, Heritage South Sector Plan, Texas Defense Adjustment Management Authority Act, City Codes and Ordinances, and Interlocal Agreements related to City South. We also performed limited segregation of duties testing on SAP access roles, as well as reviewed a judgmentally selected sample of the Authority's expenditures to test for appropriateness and authorization.

We relied on computer-processed data in the City's accounting system (SAP) to obtain and analyze access roles and expenditures. We based reliance on SAP by performing tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit. Therefore, we determined that the reliability of the data was sufficient for our purposes.

We conducted this audit from May 2010 to November 2010 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 audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Audit Results and Recommendations

A. Not Monitoring Community Indicators

Community indicators established in the Community Plan were not monitored. The Community Plan outlined eight community indicators designed to assist Community Plan stakeholders in evaluating the impact of City South efforts. The Community Plan also indicated the frequency at which the indicators should be evaluated. The list of the eight community indicators, baselines and frequency of evaluation is included in **Appendix A**. EDD management could not provide evidence that any monitoring or tracking of these indicators occurred since the inception of the Community Plan.

Additionally, the recently adopted Sector Plan does not contain any community indicators or measures for evaluating progress towards its goals and strategies.

Furthermore, internal performance measures are not established to track City efforts and resources used to support the City South initiative. For example, monitoring of initiatives or community outreach efforts to promote City South goals and objectives would enhance management of City resources.

According to the UDC, “urban indicators shall be developed as each neighborhood, community, and perimeter plan is produced. Urban indicators are qualitative or quantitative measures that assess progress towards the goals identified in the plan.” Moreover, performance measures are essential to providing a basis for assessing the economy, efficiency, and effectiveness of service delivery and program results. When designed and monitored properly, measures should provide adequate information for decision-making on resource allocation and process improvement. Without proper use of performance measures, management and those charged with governance may have difficulty appropriately evaluating the progress of activities associated with City South, including the Sector Plan.

Recommendation

The PCDD Director should develop and monitor community/urban indicators to evaluate progress towards the goals identified in the Sector Plan as required by the UDC. Additionally, the Director should establish internal performance measures to track critical activities and use of resources related to City South.

B. Inadequate Reporting Process

An adequate reporting process of the progress towards City South goals and objectives does not exist. The Board’s staff compiled Highlight Reports on an annual basis; however, these reports provided only a brief summary of its

activities. These reports listed key activities and events, but did not provide updates on the overall progress of the City South initiative. Moreover, EDD did not appear to have provided these or any other formal reports to City Council and distribution to City Executive Management was limited.

According to the UDC, a report to measure the success of plan implementation shall be prepared every two years, based on the urban indicators found in each specific plan and the report shall be distributed to the City Council and City departments. An adequate reporting function should provide a timely and complete flow of information between those responsible for execution and oversight of a project. It should also provide information to help determine whether the project is progressing as intended, as well as the opportunity to discuss potential problems and proposed changes. Finally, a long-range plan should include a clear and concise method to track the progress of its goals and strategies. Without an adequate reporting process, those charged with governance may be unacquainted with progress and unable to make informed decisions.

Recommendation

The PCDD Director should comply with the UDC by establishing a formalized reporting process to ensure that City Executive Management and City Council receive adequate information regarding the progress made towards achieving City South goals and objectives.

Appendix A – City South Community Indicators

City South Community Plan – Community Indicators		
INDICATOR	BASELINE*	FREQUENCY OF REVIEW
1) Inventory of natural resource and wildlife habitat areas	None	Annually
2) Partner with property owner and land trusts to create a conservation easement programs to preserve farmlands and natural areas	15,853 acres of productive farm/ranch land; no conservation program in 2003	Annually
3) Number of historical or archeological sites or districts designated through local, state, or national programs	None	Annually
4) Updated inventory of environmental hazard sites including landfills, and permitted and illegal dump sites to initiate code compliance proceedings, where necessary	1989 inventory	Annually
5) Incentive package to encourage traditional neighborhood development and conservation subdivisions	Incentive Toolkit available in 2003	Biennially
6) Tourism	None	Biennially
7) Poverty Level	27.2% poverty level in 2000 Census	Every 10 years
8) Unemployment Level	6% unemployment of civilian labor force in 2000 Census	Every 10 years
<i>*as established when the Community Plan was created in 2003</i>		

Source: City South Community Plan

Appendix B – Staff Acknowledgement

Barry Lipton, CPA, DABFA, Deputy City Auditor
Brian K. Williams, MBA, CIA, CFE, CGAP, Audit Manager
Cynthia Brown, MBA, CIA, CFE, Auditor-in-Charge

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Kevin W. Barthold, CPA, CIA, CISA
Acting City Auditor
San Antonio, Texas

RE: Management’s Corrective Action Plan for the Audit of City South Management Authority

Planning and Community Development Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person’s Name/Title	Completion Date
A	The PCDD Director should develop and monitor community/urban indicators to evaluate progress towards the goals identified in the Sector Plan as required by the UDC. Additionally, the Director should establish internal performance measures to track critical activities and use of resources related to City South.	5	Accept	Jesus Garza, Assistant Director, DPCD	a) July 2011 b) June 2011
<p>Action plan: a) The PCDD Director should develop and monitor community/urban indicators to evaluate progress towards the goals identified in the Sector Plan as required by the UDC</p> <p>The Unified Development Code (UDC) codified the process for community/urban indicators in May 2001. The policy document, Community Building and Neighborhood Planning Program, hence repealed and replaced by the Comprehensive Planning Program in December 2009 carried forth the same community/urban indicators requirements for sector plans. Community/Urban Indicators requirements for the Heritage South Sector Plan will be developed as stipulated in the Comprehensive Planning Program policy document.</p> <p>The Heritage South Sector Plan, as it pertains to the City South Management Authority area was adopted by the Authority’s Board of Directors in August 2010. This Sector Plan replaced in its entirety the Southside Initiative Community Plan, adopted in June 2003.</p> <p>The development of Community/Urban Indicators for neighborhood and community plans are part of the planning process and are developed with input from planning teams consisting of</p>					

<p>community residents and stakeholders. Stakeholder participation will be part of the process for developing measurable indicators.</p> <p>The Director will present to the City South Management Authority Board a proposal for developing indicators for the Sector Plan consistent with the Authority's jurisdictional area. Measurable indicators may include the following elements within the Sector Plan: Transportation, Infrastructure, Housing, Economic Development, Community Facilities, Education, Parks and Natural Resources, Historic Resources, and Land Use and Urban Design.</p> <p>b) The Director should establish internal performance measures to track critical activities and use of resources related to City South.</p> <p>In addition to the authority granted to the City South Management Authority by the Texas Local Government Code regarding land use and zoning, the CSMA has adopted an annual work program upon which performance measures related to its work program will be tracked.</p> <p>Regarding land use and zoning, CSMA has an inter-local agreement with the City of San Antonio for zoning and land use plan amendments. By receiving support from the City's Development Services and Planning & Community Development staff, the CSMA Board has been able to perform its function for zoning. Zoning and land use performance measures are tracked on a monthly basis and will be reported quarterly.</p> <p>City South Management Authority's adopted 2010-2011 Work Plan</p> <p><u>Twelve Month Priorities</u></p> <ul style="list-style-type: none">➤ Expand and deliver high-speed internet access and technology within residential areas➤ Focus on Economic Development opportunities to attract high paying jobs in collaboration with Verano and Texas A&M➤ Continue with Conservation Subdivision subcommittee work on conservation design development➤ Plan and create a vision for protecting and maximizing use for areas along the Medina and San Antonio rivers which may include public access, maintaining natural areas, design criteria, education and recreational opportunities, and marketing efforts➤ Continue communication regarding the vision and mission of City South with COSA, Bexar County, school districts, property owners/residents, and potential investors and developers <p>The Director will establish internal performance measures to track critical activities consistent with the Authority's jurisdiction and annual work program. Budget expenditures for staff, legal services, and governance (board support) will continue to be tracked.</p>
