

**AUDIT TEAM**

***Jim Williamson, CPA, CIA, City Auditor***

***Matt Weller, CPA, Assistant City Auditor***

**MYRIAD BOTANICAL GARDENS &  
WHITEWATER FACILITY  
EQUIPMENT MAINTENANCE AUDIT**

**MARCH 12, 2019**

**MAYOR AND CITY COUNCIL**

<b><i>David Holt</i></b>	<b><i>Audit Committee, Mayor</i></b>
<b><i>James Greiner</i></b>	<b><i>Ward 1</i></b>
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<b><i>Todd Stone</i></b>	<b><i>Ward 4</i></b>
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<b><i>Mark K. Stonecipher</i></b>	<b><i>Ward 8</i></b>



March 12, 2019

The Mayor and City Council:

The Office of the City Auditor has completed an audit of the adequacy of maintenance performed on expensive, operationally imperative equipment at the Myriad Botanical Gardens and the Whitewater Facility, respectively, as of May 31, 2018.


Based on the results of our audit, we believe that, as of May 31, 2018, basic maintenance is routinely performed and documented for Myriad Gardens and Whitewater Facility equipment identified as expensive and operationally imperative; however, performance of certain more advanced manufacturer-recommended maintenance procedures could not be confirmed.

Recommendations for improving maintenance of expensive, operationally imperative Myriad Gardens and Whitewater Facility equipment discussed in more detail in the attached report, are summarized as follows:

- Myriad Gardens equipment requiring maintenance, the standards to be followed in maintaining the equipment, and how the nature and timing of maintenance by outside contractors will be documented should be defined. See Recommendation 1.
- Whitewater Facility equipment requiring maintenance should be agreed upon, related City maintenance standards should be provided, and how the nature and timing of maintenance by outside contractors will be documented should be defined. See Recommendation 2.
- Compliance with maintenance requirements for Myriad Gardens and Whitewater Facility equipment should be periodically confirmed by City staff. See Recommendations 4 and 5.

All comments, recommendations, suggestions and observations arising from our audit have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the content and emphasis of items in this report. Responses to this report from management are attached.

  
Jim Williamson  
City Auditor

  
Matt Weller  
Assistant City Auditor

**MYRIAD BOTANICAL GARDENS & WHITEWATER FACILITY  
EQUIPMENT MAINTENANCE AUDIT**

**AUDIT OBJECTIVE, BACKGROUND, SCOPE, AND METHODOLOGY**

The objective of this audit was to determine the adequacy of maintenance of expensive<sup>1</sup>, operationally imperative City-owned equipment at the Myriad Botanical Gardens and the MAPS 3 Whitewater Facility, respectively, as of May 31, 2018.

The City and the Oklahoma City Economic Development Trust (OCEDT) entered an agreement for the lease and management of the Myriad Botanical Gardens (Myriad Gardens) with the Myriad Gardens Foundation on June 14, 2011. That agreement is administered by the Economic Development Program Manager in the City Manager's Office and includes requirements for maintenance of the Myriad Gardens. A \$44 million multi-phase renovation of the Myriad Gardens was substantially complete in March 2012.

The City and the Oklahoma City Riverfront Redevelopment Authority (OCRRA) entered an agreement for the lease and operation of the MAPS 3 Whitewater Facility (Whitewater Facility) with the Oklahoma City Boathouse Foundation (Boathouse Foundation) on May 19, 2015. That agreement includes requirements for maintenance of the Whitewater Facility. Boathouse Foundation operation of the \$46 million Whitewater Facility began in May 2016.

Other City-related facilities such as the fairgrounds, golf courses, the Cox Convention Center, the Chesapeake Arena, the Bricktown Ballpark, the MAPS 3 Scissortail Park, MAPS 3 wellness centers, and the American Indian Cultural Center & Museum may be subject to similar agreements or will be in the future. While these facilities were not included within the scope of this audit, some of the recommendations included in this report may also apply to current or future administration of those agreements.

Procedures performed during this audit included review of the Myriad Gardens and Whitewater Facility agreements; interviews with Myriad Gardens Foundation and Boathouse Foundation personnel and City personnel providing staff support to the OCEDT and OCRRA; analysis of City and related Trust capital expenditures for Myriad Gardens and Whitewater Facility equipment; reviewing Myriad Gardens and Whitewater Facility equipment identified as expensive and operationally imperative by Myriad Gardens Foundation and Boathouse Foundation staff, respectively; obtaining and reviewing manufacturer-recommended maintenance procedures for selected identified equipment; and assessing the adequacy of maintenance procedures performed in comparison to manufacturer-recommended maintenance procedures for the selected identified equipment.

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<sup>1</sup> For the purposes of our audit, equipment individually costing more than \$50,000 was deemed expensive.

We did not audit maintenance of expensive, operationally imperative City-owned equipment at any facilities other than the Myriad Gardens or Whitewater Facility<sup>2</sup>.

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

The following recommendations are intended to provide constructive suggestions to improve City oversight of leased facility equipment maintenance. Management responses are included in the body of this report and attached to the report in their entirety.

## RESULTS OF WORK PERFORMED

***The results of our audit indicate that, as of May 31, 2018, basic maintenance procedures are routinely performed and documented for Myriad Gardens and Whitewater Facility equipment identified as expensive and operationally imperative, respectively; however, performance of certain more advanced manufacturer-recommended maintenance procedures could not be confirmed.***

### Myriad Gardens

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Myriad Gardens Foundation staff document basic maintenance procedures (e.g. equipment inspections, cleaning or changing filters, greasing bearings, etc.) routinely performed for most Myriad Gardens equipment they identify as expensive and operationally imperative. The basic maintenance procedures performed have been developed by Myriad Gardens Foundation staff based on experience and internet research.

However, the Myriad Gardens Foundation has not:

- Performed seasonal or periodic equipment-specific maintenance procedures recommended by equipment manufacturers.
- Performed or hired an outside contractor to perform manufacturer-recommended routine maintenance of electrical equipment identified as expensive and operationally imperative.
- Documented the nature and timing of maintenance procedures performed by outside contractors.

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<sup>2</sup> The Oklahoma City Boathouse Foundation also manages property and other facilities within the Oklahoma City Boathouse District under various agreements with the City.

The Myriad Gardens lease and management agreement requires maintenance of the facility and related equipment by Myriad Gardens Foundation staff. However, the agreement does not specify, and the City and the Myriad Gardens Foundation have not agreed on:

- Specific expensive, operationally imperative Myriad Gardens equipment requiring maintenance,
- Maintenance standards to be followed (Myriad Gardens Foundation staff-developed, City-provided, manufacturer-recommended, etc.), or
- If and how maintenance procedures performed by Myriad Gardens Foundation staff or by outside contractors will be documented.

Myriad Gardens Foundation compliance with maintenance requirements for all expensive, operationally imperative Myriad Gardens equipment or City assessment of such compliance is not reasonably possible without agreement between the City and the Myriad Gardens Foundation regarding these conditions.

### **Recommendation 1**

City staff should work with the Myriad Gardens Foundation to define:

- The specific expensive, operationally imperative Myriad Gardens equipment requiring maintenance,
- The standards that will be followed by the Myriad Gardens Foundation in maintaining that equipment, and
- How the nature and timing of maintenance procedures performed by Myriad Gardens Foundation staff or by outside contractors will be documented.

### ***Management Response 1***

*Agree with recommendation. By July 1, 2019, the City, through the General Services Department – Building Management Division will coordinate with the Foundation(s) to develop a large equipment inventory and enter each piece of equipment in the City’s work order system known as City Works that will schedule and track required preventative maintenance, routine maintenance and warranty repairs. The General Services Department will request the reclassification of an existing position in order to absorb the additional responsibilities of tracking and inspecting equipment to ensure recommended preventative maintenance is completed on schedule and documented. The Foundation will work with Building Management staff to ensure that all large equipment is up to date on manufacturer recommended routine maintenance. Periodically, Building Management staff will visit the facilities to review equipment maintenance documentation records and evaluate the equipment. The Myriad Gardens and City will develop large equipment maintenance standards and the Myriad Gardens lease will be amended on or around July 1, 2019 in order to assure such maintenance standards are utilized.*

## Whitewater Facility

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Boathouse Foundation staff document basic maintenance procedures (e.g. equipment inspections, cleaning or changing filters, diagnostic checks, etc.) routinely performed on Whitewater Facility equipment they identify as expensive and operationally imperative. The basic maintenance procedures routinely performed were developed by Boathouse Foundation staff based on training received from the project engineer involved in construction of the facility.

However, the Boathouse Foundation has not:

- Fully documented all performed maintenance procedures.
- Performed certain periodic manufacturer-recommended maintenance procedures.
- Tracked the hours of operation for water filtration pumps to determine if maintenance is necessary based on use rather than the age of the equipment<sup>3</sup>.
- Hired an outside contractor to perform manufacturer-recommended routine maintenance on electrical equipment identified as expensive and operationally imperative.
- Documented the nature and timing of maintenance procedures performed by outside contractors.

The Whitewater Facility lease and operation agreement requires maintenance of capital items<sup>4</sup> by the Boathouse Foundation comply with City-provided maintenance standards and records of that compliance be retained. However, the City and the Boathouse Foundation have not agreed on the specific equipment considered capital items and the Boathouse Foundation does not have City-provided maintenance standards.

Boathouse Foundation compliance with maintenance requirements for all expensive, operationally imperative Whitewater Facility equipment or City assessment of such compliance is not reasonably possible without:

- Agreement by the Boathouse Foundation and City on specific equipment considered capital items,
- Maintenance standards for specific equipment considered capital items from the City, and
- Complete documentation of equipment maintenance procedures performed.

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<sup>3</sup> The related operation and maintenance manual recommends detailed inspections of various equipment components every 12,000 operating hours or every 3 years, whichever occurs first.

<sup>4</sup> Capital items are defined in the WWF lease and operation agreement with the OKCBF as those items costing more than \$25,000 and having a useful life of greater than 1 year.

## **Recommendation 2**

City staff should:

- Work with the Boathouse Foundation to identify and agree on all specific equipment to be considered capital items as defined in the Whitewater Facility lease and operation agreement.
- Provide the Boathouse Foundation with the maintenance standards to be followed for all specific equipment considered capital items as required by the agreement, and
- Work with the Boathouse Foundation to determine how the nature and timing of maintenance procedures performed by outside contractors will be documented in the maintenance records.

## **Management Response 2**

*Agree with recommendation. By July 1, 2019, the City, through the General Services Department – Building Management Division will coordinate with the Foundation(s) to develop a large equipment inventory and enter each piece of equipment in the City’s work order system known as City Works that will schedule and track required preventative maintenance, routine maintenance and warranty repairs. The General Services Department will request the reclassification of an existing position in order to absorb the additional responsibilities of tracking and inspecting equipment to ensure recommended preventative maintenance is completed on schedule and documented. The Foundation will work with Building Management staff to ensure that all large equipment is up to date on manufacturer recommended routine maintenance. Periodically, Building Management staff will visit the facilities to review equipment maintenance documentation records and evaluate the equipment. The City will provide the Boathouse Foundation with the appropriate large equipment maintenance standards.*

## **Whitewater Facility Lease and Operation Agreement Administration**

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City staff responsible for administering the Whitewater Facility lease and operation agreement with the Boathouse Foundation has not been formally designated. The OCRRA Trust Specialist in the Parks Department has served as a liaison between the OCRRA and the Boathouse Foundation but has not been formally assigned responsibility for administering the Whitewater Facility lease and operation agreement with the Boathouse Foundation.

Non-compliance with the maintenance requirements for expensive, operationally imperative Whitewater Facility equipment may occur without detection if City staff is not formally assigned responsibility for administering the agreement.

### **Recommendation 3**

City staff responsible for administering the Whitewater Facility lease and operation agreement with the Boathouse Foundation should be formally designated.

#### ***Management Response 3***

*Agree with recommendation. The Parks Department Director is now part of the Boathouse Foundation Board. As a member of the board, the Director will attend all of those meetings and review management plans and processes. On a day to day basis the OCRRA Trust Specialist has been assigned the responsibility for administering the Whitewater Facility lease and operations with the Boathouse Foundation.*

### **Compliance Oversight**

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Management has not developed procedures to ensure the Myriad Gardens Foundation and the Boathouse Foundation comply with maintenance requirements for expensive, operationally imperative City-owned Myriad Gardens and Whitewater Facility equipment, respectively. Non-compliance with maintenance requirements for expensive, operationally imperative Myriad Gardens and Whitewater Facility equipment may occur without detection if compliance with those requirements is not periodically confirmed by City staff.

### **Recommendation 4**

City staff responsible for administering the Myriad Gardens lease and management agreement with the Myriad Gardens Foundation should periodically confirm compliance with the maintenance requirements for expensive, operationally imperative Myriad Gardens equipment. See Recommendation 1.

#### ***Management Response 4***

*Agree with recommendation. Beginning September 1, 2019 or as early as possible, the OCEDT Trust Specialist will periodically request a report from the Building Management Division to review the status of preventative, routine and warranty repairs for all large equipment under the lease.*

### **Recommendation 5**

Once designated, City staff responsible for administering the Whitewater Facility lease and operation agreement with the Boathouse Foundation should periodically confirm compliance with maintenance requirements for expensive, operationally imperative Whitewater Facility equipment. See Recommendations 2 and 3.



**Management Response 5**

*Agree with recommendation. Beginning September 1, 2019 or as early as possible, the OCRRA Trust Specialist will periodically request a report from the Building Management Division to review the status of preventative, routine and warranty repairs for all large equipment under the lease.*



# MEMORANDUM

The City of  
**OKLAHOMA CITY**



TO: Jim Williamson, City Auditor

THROUGH: Craig Freeman, City Manager

FROM: Douglas R. Kupper, CPRP, Director  
Parks and Recreation Department

Brent Bryant, Economic Development Program  
City Manager's Office *MB*

DATE: March 7, 2019

SUBJECT: Audit Response, Myriad Botanical Gardens & Whitewater Facility  
Equipment Maintenance Audit

Following are management's responses to recommendations outlined in the audit.

1. Agree with recommendation. By July 1, 2019, the City, through the General Services Department - Building Management Division will coordinate with the Foundation(s) to develop a large equipment inventory and enter each piece of equipment in the City's work order system known as City Works that will schedule and track required preventative maintenance, routine maintenance and warranty repairs. The General Services Department will request the reclassification of an existing position in order to absorb the additional responsibilities of tracking and inspecting equipment to ensure recommended preventative maintenance is completed on schedule and documented. The Foundation will work with Building Management staff to ensure that all large equipment is up to date on manufacturer recommended routine maintenance. Periodically, Building Management staff will visit the facilities to review equipment maintenance documentation records and evaluate the equipment. The Myriad Gardens and City will develop large equipment maintenance standards and the Myriad Gardens lease will be amended on or around July 1, 2019 in order to assure such maintenance standards are utilized.
2. Agree with recommendation. By July 1, 2019, the City, through the General Services Department - Building Management Division will coordinate with the Foundation(s) to develop a large equipment inventory and enter each piece of equipment in the City's work order system known as City Works that will schedule and track required preventative maintenance, routine maintenance and warranty repairs. The General Services Department will request the reclassification of an existing position in order to absorb the additional responsibilities of tracking and inspecting equipment to ensure recommended preventative maintenance is completed on schedule and documented. The Foundation will work with Building Management staff to ensure that all large

equipment is up to date on manufacturer recommended routine maintenance. Periodically, Building Management staff will visit the facilities to review equipment maintenance documentation records and evaluate the equipment. The City will provide the Boathouse Foundation with the appropriate large equipment maintenance standards.

3. Agree with recommendation. The Parks Department Director is now part of the Boathouse Foundation Board. As a member of the board, the Director will attend all of those meetings and review management plans and processes. On a day to day basis the OCRRA Trust Specialist has been assigned the responsibility for administering the Whitewater Facility lease and operations agreement with the Boathouse Foundation.
4. Agree with recommendation. Beginning September 1, 2019 or as early as possible, the OCEDT Trust Specialist will periodically request a report from the Building Management Division to review the status of preventative, routine and warranty repairs for all large equipment under the lease.
5. Agree with recommendation. Beginning September 1, 2019 or as early as possible, the OCCRA Trust Specialist will periodically request a report from the Building Management Division to review the status of preventative, routine and warranty repairs for all large equipment under the lease.

If you have any questions, you may reach Douglas Kupper at 297-3807 or Brent Bryant at 297-2260.