# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE


February 5, 2014

Honorable Members
Erie County Legislature
92 Franklin Street, Fourth Floor
Buffalo, New York 14202

**Re: Department of Parks, Recreation and Forestry Response to Audit of Parks Housing**

Dear Honorable Legislators:

This communication serves as the written response by the Department of Parks, Recreation and Forestry ("Parks") to the County Comptroller ("Comptroller") audit of parks residences for the period January 1, 2012-June 30, 2013 ("Audit"). The Comptroller commenced this audit in a letter dated August 6, 2013.

**Comptroller Issues a "Clean" Audit with no Major Findings**

At the start, it is important to note that this was a "clean" audit and the Comptroller's auditors expressed a favorable opinion over Parks' internal controls and reported no major findings. They also detailed in the Audit (page four) the many improvements which Parks has made since I assumed my position as commissioner. That is important as it reflects the reform measures and improvements Parks has made since this administration took office, especially in parks housing, which I will discuss in greater detail below.

**Comptroller Poloncarz's 2006 and 2010 Reviews of Parks Housing**

Parks housing has been controversial for many years. Until March 2005, under the CSEA contract and Parks' policy, Parks employees with the title of superintendent lived in parks housing at the various parks and paid no more than $270 per month rent and were supposed to pay for utilities. In July 2006 and again in December 2010, when County Executive Mark C. Poloncarz was County Comptroller, the Erie County Comptroller's Office conducted reviews of parks housing and reported a number of issues including: low rent, failure to pay utilities, bounced rent checks, lack of timely

payment of rent, and most disturbingly, a Collins Administration action whereby they expended at least $186,316 in capital funds represented to be used for parks shelters and facilities (not houses) to improve certain parks residences.

These reviews were communicated to the Legislature and significant discussion was held in the Energy and Environment Committee. However, the prior administration failed to act and implement or act on these reviews.

**Detailed Response to Audit**

Upon taking office in January 2012, and as the new Parks Commissioner, I immediately reviewed Parks operations and became concerned by the parks residences. I was troubled for many reasons, not the least of which was the poor condition of many residences, the low rent amounts, the failure by renters to all pay utilities, and the situation involving many of the renters themselves.

I became aware of then-Comptroller Poloncarz's reviews and I began a process of examining the parks residences, their conditions, the existing renters, the status of rent payments and utilities, and the monthly rent then being charged. I was concerned by many of these issues and determined steps needed to be taken.

In my opinion, the County should prioritize and expend capital or pay-as-you-go money on parks shelters, buildings, comfort stations, roads, trails, bridges, culverts parking lots/roadways, playgrounds, grills and picnic tables – not rental housing. That being said, given that the prior administration expended nearly $200,000 in capital monies on improving certain parks residences, and the fact that the County can receive revenue from such renters, along with offer a security/deterrence factor in parks, there is some value inuring to the County from renting some residences.

Contrary to the Audit, currently, five (5) out of the eleven (11) parks residences are rented – not six. Three of the five houses are rented by County employees; one of the other two houses is rented by a former County employee (under an agreement made by the former Commissioner of Parks). Five of the six vacant houses are not habitable and I will not rent them to any individual. One house is vacant due to the unfortunate and untimely death of the renter, who was a Parks employee.

Following a professional real estate analysis and assessment of the properties by the Director of Real Property Tax Services and me, all of the rents at the parks houses were increased, including in some parcels that underwent significant improvements and upgrades during the Collins Administration. I requested that the Comptroller note these higher rent figures in the Audit (Appendix I), but he declined.

The Audit erroneously reports (page six) that there are no lease agreements for renters. That is not accurate; the Conditions of Occupancy Agreement ("COA") which is entered into by each renter with the County was drafted in concert with the Department

of Law and is a lease agreement. Oddly, the Audit report contradicts itself in criticizing the alleged absence of a lease agreement on page six, but also noting on page four that the COA is a "lease agreement." The COA was one of the "transparency" and other policies and "improvements" for which the Comptroller praised Parks on page four of the Audit.

The Audit features a section concerning "non-compliance" with the COA, and reported that the renter at Hunters Creek Park was not paying for utilities during the audit scope which ended in June 2013. As I informed the Comptroller's Office during the Audit, the renter at that residence was not required to pay for utilities until September 1, 2013, and as such the finding was not in fact, a real finding. The tenant is paying for utilities as required and proof of that was provided to the Comptroller.

There were two areas in the Audit where the Comptroller found minor deficiencies: the lack of a restrictive endorsement stamp on rent checks and a delay in depositing said checks, and a lack of renter references being provided. Parks agreed with the finding on checks and already took steps to ensure endorsements are made immediately and checks are deposited more timely. In addition, I agreed that new renters must provide background references when seeking housing and Parks will check all such references moving forward.

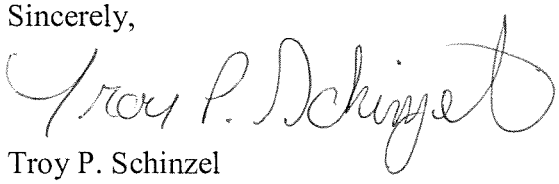
Finally, the Audit also discusses the "lack of a current plan for parks residences" and insinuates that the 2003 Erie County Parks Master Plan discussed parks houses, which is not true or accurate. The 2003 Master Plan never discussed parks houses and instead, focused attention on allocating resources to public facilities in the parks, such as shelters, etc. I agree with that focus; County funds should be used for public spaces, not rental housing. Moving forward, Parks and the Department of Public Works will review options for the vacant houses (and future vacant residences), including demolition of structures that are not habitable or which require extensive rehabilitation or work. The Comptroller noted this protocol on page nine of the Audit. If your Honorable Body appropriates funds for the demolition of such buildings, I will utilize such funds for this purpose.

**Conclusion**

I am pleased that the Audit developed no major findings or deficiencies and the Comptroller acknowledged the many improvements this administration has made since taking office in 2012. In the two minor areas noted above, Parks already took steps prior to the Audit being completed to address the restrictive endorsement and deposit issue and the renter references item. In the other above-mentioned areas, I have noted the discrepancies between which the Audit stated and the reality. Parks has worked tirelessly to address and improve our parks facilities and my continued focus will be on making improvements to Erie County Parks so they will once again be the best in the region for our residents to enjoy.

If your Honorable Body has any questions concerning the Audit and Parks' response, please do not hesitate to contact me. I would be happy to attend a legislative committee to discuss this matter.

Sincerely,



Troy P. Schinzel
Commissioner of Parks, Recreation and Forestry

cc: County Executive Mark C. Poloncarz
Comptroller Stefan I. Mychajliw
Director of Budget and Management Robert W. Keating
Erie County Fiscal Stability Authority