



Parks and Recreation Referendum 2000

October 2006

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October 30, 2006

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2005/2006 internal audit plan (as amended), we hereby submit our internal audit report covering the Parks and Recreation Referendum 2000 of Brevard County. We will be presenting this report to the Audit Committee at the next scheduled meeting. We were requested by the Board of County Commissioners to review the Referendum due to escalating cost, project overruns and missed deadlines.

Our report is organized in the following sections:

Executive Summary	A high level summary of the major issues which were identified during our internal audit.
Background	This section provides an overview of the Parks and Recreation Referendum of 2000.
Pre-Referendum Due Diligence	The Pre-Referendum period began in January 2000 and ended with the vote on November 7, 2000. This section walks through prioritizing projects, creating estimates of cost, and land acquisition.
Post-Referendum Project Management	The Post-Referendum section includes committee involvement, project management and external factors from the point in time when the voters approved the referendum.

The objective of the audit was to map the history of the budgeting and due diligence processes that took place prior to the passage of the November 7, 2000 Referendum as well as to look at significant events and processes that took place after the passage of the Referendum.

Executive Summary

During our review we noted significant external factors having a major impact on the overall outcome of the Referendum. This not only impacted the Brevard County government but impacted building and construction throughout the County, State and Region. To ignore these factors throughout the post referendum period would portray an incomplete analysis.

Following is a high level summary of the major issues and observations identified during our internal audit. Detailed findings and recommendations are included within this report.

Communication and Monitoring – County management had several avenues to communicate results to the Commissioners and Citizens. However, a formal communication plan was not put forward to manage expectations of all interested parties. It would have been more effective had a communication plan been adopted at the onset of the referendum. A communication plan should be uniform, regular and based upon agreed parameters which would include identifying to whom and at what point a ‘situation’ needs to be elevated. It is critical to set the appropriate parameters to ensure the staff can work efficiently at the same time allowing County management and Commissioners to be alerted of major events and changes. This plan would also include standardized reporting on a regular basis, publishing comparisons between original budget to adjusted budgets to actual costs, as well as progress against timeline milestones.

Budgeting Process – There were several issues surrounding the budgeting process used in the pre-referendum period including:

- Involvement from critical departments within the County like Finance, Budget and Legal as well as outside experts was minimal during this process.
- The contingency used to cover unanticipated future events and incomplete estimates was calculated and applied to the cumulative estimate. It would have been more effective had this critical component of the budgeting process been calculated and applied on a project by project basis. The contingency was low assuming the estimated timeline of 3 to 5 years. This was compounded when the actual timeline of the projects was longer than originally estimated.
- Our review of the worksheets developed to support the project budgets noted incomplete and inconsistent budgeting.
- The budgets prepared by a group of subject matter experts from within the County were not validated externally.

Land Acquisition – There were twelve projects that involved land acquisition. We noted through our review that the land parcels identified prior to the passage of the referendum were acquired at or below the budgeted referendum amount. However, about half of the projects did not have the parcel of land identified prior to the referendum. This had a financial impact on the cost of the land and other acquisition costs, as well as created time delays which further affected the construction budgets originally set for the projects.

Executive Summary - continued

Project Planning – The adoption of a ‘high level implementation plan’ would have had a positive impact on the overall success of the referendum projects. For example, the plan was to simultaneously start all the projects in the referendum listing. It would have been more effective had each project been prioritized based on adopted common criteria and had a detailed timeline with consistent measurable milestones. A high-level implementation plan would include identifying staffing and expertise needs for each project to ‘staff up’ appropriately for the level of work to be completed. An outline of a post-referendum communication plan would also be part of the overall plan. This detailed high level plan would be presented to the Board of County Commissioners or to the County Manager prior to a proposed referendum going to ballot.

Committees – For the pre-referendum, there were community user groups and an Area Advisory Board appointed by the Commissioners for each region to create ‘want lists’. Community Committees were established post-referendum and they were involved in decisions throughout the referendum regarding issues impacting their projects. They evaluated the decisions made for the projects and the Area Advisory Board had final approval or denial on specific issues. Citizen involvement is critical to the success of the parks. However, in several projects we reviewed the level of community involvement created lengthy delays in construction, hours of Parks and Recreation time for meetings and updates, as well as overruns due to significant changes in project design. For increased efficiencies going forward, community involvement should be limited to conceptual park design. While it is beneficial to gain this community approval, the Area Advisory Boards should be the mechanism to keep the projects moving. The communication parameters discussed above should also be used to foster communication.

Referendum Language – Throughout our review of different minutes and per our conversations with County management, it was made clear that although a contingency was applied to the budgeted estimates, County management was under the assumption they would be allowed to use the excess revenue to compensate for overages. More clearly defined language could have eliminated the subsequent lawsuit and allowed the County to move forward at a more efficient pace.

Formalized Long-Term Planning – The tasks of pulling together the wish list, creating solid budgets and realistic timelines as well as identifying the land for the referendum was to be accomplished in less than eight months time. Ideally, the County should have had in place a long-term plan for parks and recreation within Brevard County. Without clearly defined long-term plans, actions may not be consistent with goals, objectives and future needs of the County. Overall long term planning is a key element to a successful referendum.

We would like to thank the various departments and all those involved in assisting the Internal Auditors regarding this report.

Respectfully Submitted,

INTERNAL AUDITORS

Background

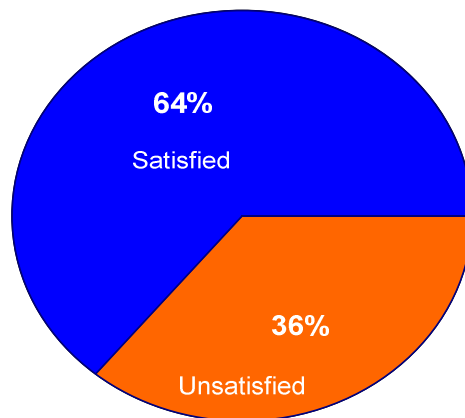
In November 2000, the voters of Brevard County passed three Parks and Recreation referendums*. The projects were identified by citizens, the Commissioners and staff of the Parks and Recreation Department. The area referendum projects are outlined below:

Project Overview			
Area	Summary	Mils	Total Amount
North Brevard	The largest project, Chain of Lakes Recreation Complex, was estimated at \$4.9 million and included acquiring 90 acres of land, constructing softball and soccer fields, playgrounds, etc. There were 18 projects detailed in the marketing material provided to the tax payers. See Appendix A	.8	\$15,020,000
Merritt Island	There were 15 projects outlined in the referendum, the largest being the sports complex estimated at \$5.7 million. See Appendix B	.8	\$12,979,662
South Brevard	The largest of the referendum regions, included 21 projects, five of which were estimated at over \$5 million each. They include: <ul style="list-style-type: none"> • Palm Bay Regional Park • Rodes Park • South Beach Community Park • Viera Community Park • Wickham Park See Appendix C	.6	\$44,926,680

* Fourth area did not pass

The \$73 million dollars from the original referendum were committed, however several of the projects outlined in the referendum are over budget and the timelines are expired. The Board of County Commissioners has approved a continued referendum question on the November 2006 ballot which would allow the Parks and Recreation Department to use the excess revenue generated from the approved millage to complete the existing projects.

Parks and Recreations Customer Satisfaction **



** Data presented at the Board of County Commissioners Budget workshop for Brevard County on March 9, 2006.

Pre-Referendum Due Diligence

Pre-Referendum Processes

Audit Approach

Purpose

The purpose of this phase of the internal audit is to clearly map the history of the budgeting and due diligence processes that took place prior to the passage of the November 7, 2000 Referendum. We will examine and analyze the processes to identify possible inefficiencies, errors and/or factors and issues that contributed to the budget over runs and missed milestones. This report should be considered as 'lessons learned' for future referendums.

Critical Points

- What departments were involved in the processes?
- How was the budget for the overall referendum developed?
- How were 'big ticket items' identified for diligence?
- Was there an assigned timeline for completion of projects or critical stages?
- Was there planning for needed changes in organizational structure for oversight and project management should the referendum pass?
- What was the specific language of the referendum and what are best practices?

Testing

Accomplished through the following:

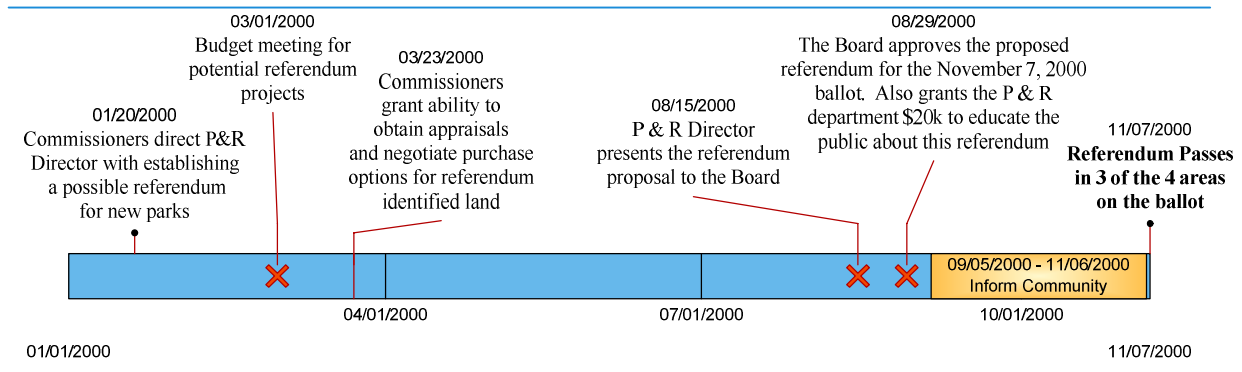
- Examination of various meeting minutes and other documents from that time period.
- Working sessions with key individuals to recreate process and mapping.
- Interviews with key personnel that participated in the process starting with Commissioners.
- Benchmarking and best practice review.

Pre-Referendum Processes

The pre-referendum due diligence process was managed by the Parks and Recreation Department. The Director of the Parks and Recreation Department was tasked with establishing a list of parks to be included in the referendum, and create a budget that would enable the Parks and Recreation Department to build or upgrade the parks. The Commissioners wanted this listing of parks to be a collaboration of identified “hot spots” by the Parks and Recreation Department’s professional staff, with input from the community groups in the specific areas where proposed parks would be located.

Pre-Referendum Timeline

Parks and Recreations Department



Prioritize Projects

The Director of Parks and Recreation sought out the assistance of the Assistant Director and the Support Services Manager within the Parks and Recreation Department to facilitate the prioritizing of the projects. Meetings with various community groups were held and the input of those groups were taken into account when adding characteristics to the parks included in the referendum. Out of these multiple meetings, a “want list” of items was generated for the potential referendum.

Millage

Concurrently, there were discussions among the Area Advisory Boards, Board of County Commissioners, Parks and Recreation, and County management about what millage increases would be palatable to the citizens of the selected areas. Once those amounts were decided, the Parks and Recreation Department Director sought assistance from County Finance and the Property Appraiser’s office to determine the amount of revenue the additional mills would generate for the areas.

Estimated Budgets

After the list of projects was determined, the Parks and Recreation Department moved to the budgeting process. On March 1, 2000, the Parks and Recreation Department assembled a meeting to estimate the costs associated with the referendum projects. The meeting included the department heads from County Facilities Management and County Road and Bridge. Key personnel in the Parks and Recreation Department were also included in this meeting, and each department represented was asked to bring insight on their respective area of expertise.

Pre-Referendum Processes

Estimated Budgets- continued

For each proposed project in the referendum, the user groups compiled a “wish list” for conceptual design. The departments present had to derive an estimated cost for each of these individual projects.

Examples of estimates that were generated from this meeting are as follows:

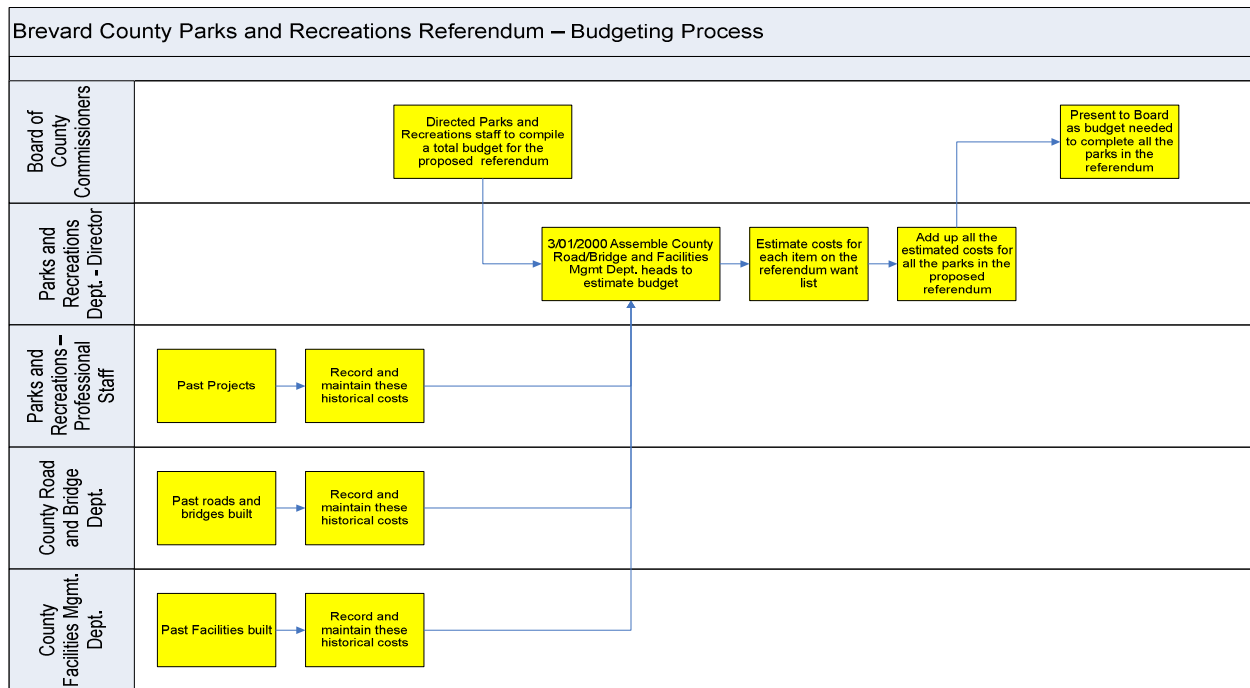
- Architecture and engineering firm costs were estimated at 8% of the construction value.
- All pavilions being built under the referendum were budgeted at \$24/sq.ft. based on pavilions built in the past so the total cost of one pavilion was budgeted at \$19,200 (800 sq.ft. x \$24).
- Estimates were given in both percentages and dollar values per square foot. For example, the Consumer Price Index of 3-4% was factored into the overall project cost.
- Due to the complexity of estimating construction costs, not all line items were separated out and given a line item estimate. To cover the costs that were not individually estimated, an additional associated cost of 15% was added to address any overlooked or unanticipated costs to the projects. This 15% was also to serve as the contingency buffer for anticipated rising costs over the life of the projects.

This process was done for every park listed in the referendum. The individual park costs were summed by region and compared to the expected amount of revenue generation from the proposed millage increase.

Presentation to the Board of County Commissioners

On August 15, 2000, the Parks and Recreation Department presented this high-level budget for each project totaling approximately \$73 million dollars to the Board of County Commissioners. This was the budget needed to complete all the parks in the proposed referendum. The original timeline was represented as three to five years. The Board approved the proposed referendum for the ballot on August 29, 2000.

The process map below illustrates the budgeting process that was used for the referendum.

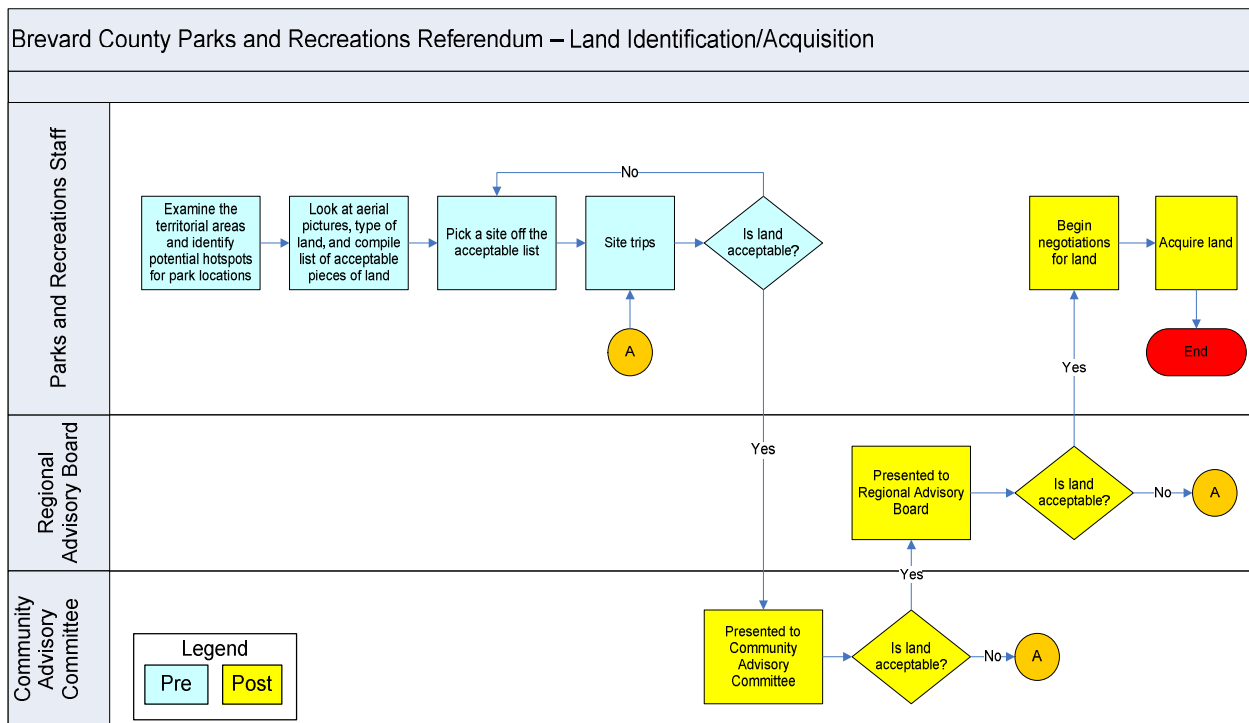


Pre-Referendum Processes

Land Acquisition

There were twelve projects included in the referendum that involved some aspect of land acquisition. The land identification/acquisition process took place both before and after the referendum passed. The Parks and Recreation Department Director went to the Board of County Commissioners to seek permission to obtain appraisals and negotiate the purchase of land associated with the referendum. The Board granted this request on March 23, 2000.

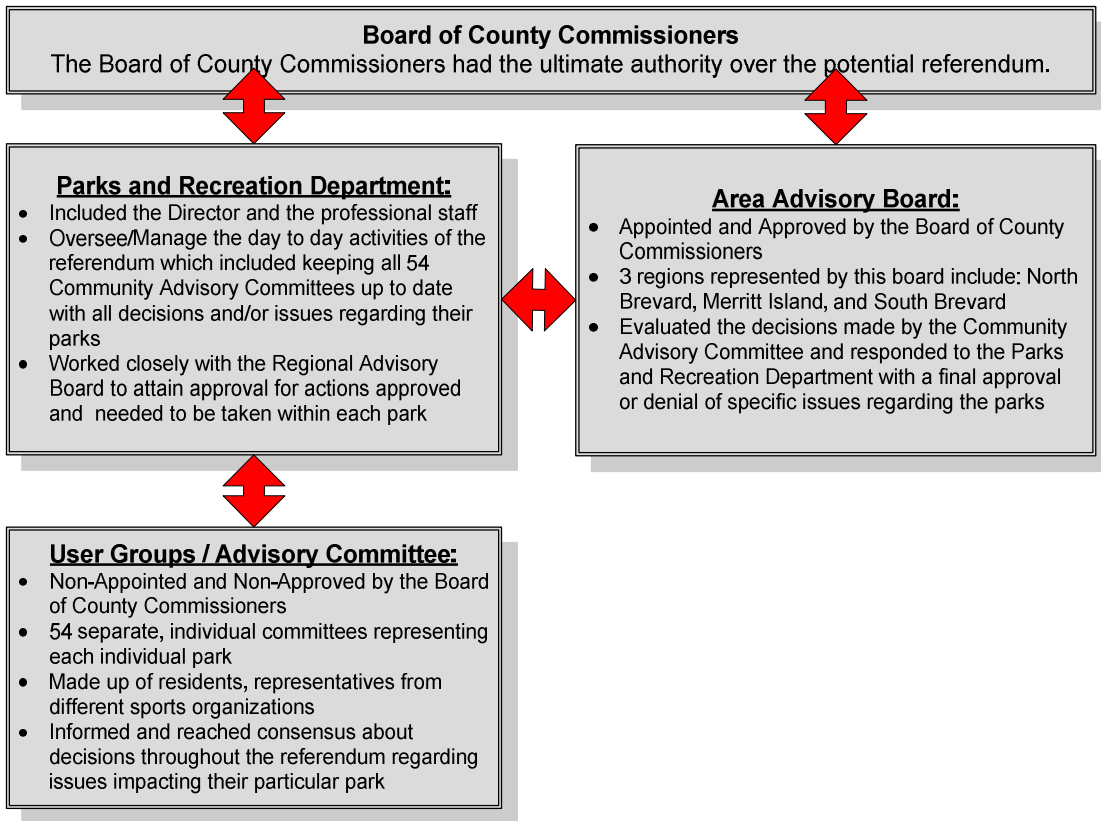
There were some critical aspects that staff had to consider for each project involving land acquisition: the areas the park was going to service, whether the park was site specific, the available acreage in the acceptable area, etc. The Parks and Recreation Department looked at aerial photographs and the type or composition of the prospective land. When a piece of land was identified, staff from the Parks and Recreation Department would conduct a site trip. They would bring with them experts that could provide insight on the specific characteristics of the land such as: feasibility of construction, environmental issues, natural resources, water, etc. In some cases after the site trip was done that appeared to satisfy the needs of the referendum, they would contact the owner of that land and inquire about its availability.



Pre-Referendum Processes

A critical component of the Pre-Referendum Process was the organization and oversight of the referendum. The chart below illustrates the responsibilities of each of these groups and the ways in which they interacted.

Organizational Management



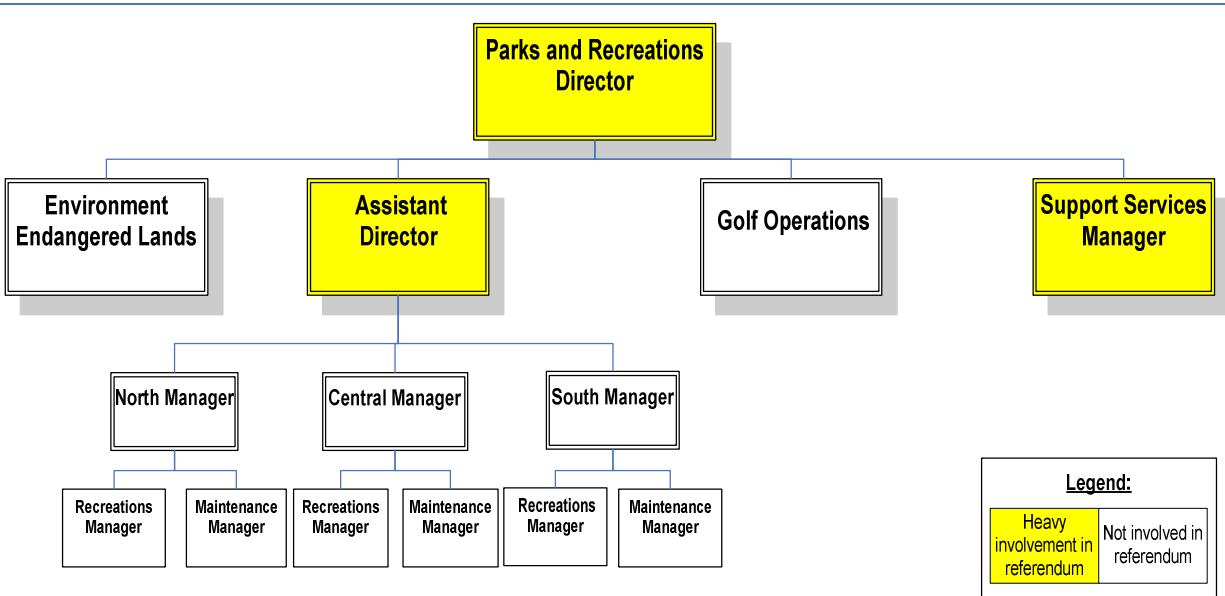
Pre-Referendum Processes

Parks and Recreation Department

The Parks and Recreation Department was given the tasks of organizing and managing all of the Pre-Referendum responsibilities. During this period there were many public meetings and, at that time, no new personnel were added to the Parks and Recreation Department. The Director, Assistant Director, and Support Services Manager were responsible for the multitude of meetings. They also acted as a liaison between the Area Advisory Board and citizen user groups, communicating all aspects of the referendum project between the two.

The following organizational chart illustrates the structure of the Parks and Recreation Department during the Pre-Referendum phase.

Pre-Referendum - Brevard County Parks and Recreations Referendum Management Structure



Pre-Referendum Processes

Communications and Marketing

The Director of the Parks and Recreation Department was given the responsibility of informing the public about the referendum and what it offers to the citizens of Brevard County. It was at the Director's discretion as to what information was necessary and vital to communicate to the Commissioners and the citizens. The Board of County Commissioners approved an additional \$20,000 to the Parks and Recreation Department to inform the public about the referendum prior to the November 2000 ballot. Once the budgeting of the referendum projects was completed, the Director compiled this information in a detailed pamphlet. There were four pamphlets. Each pamphlet had all the parks in their respective region laid out for the public. The list of improvements was itemized and a dollar figure was attached. Dollar amounts were not generalized; they were calculated to the dollar (excluding the North Area pamphlet).

The pre-referendum pamphlet was one avenue used by the Parks and Recreation Department to market and communicate information. They also made use of the internet by communicating information via brevardparks.com, the department's website. A popular forum used to communicate to the public was through the use of the numerous user groups. The Park and Recreation department successfully informed and marketed the referendum to the public. Three out of the four areas were approved by the citizens of Brevard.

Pre-Referendum Issues and Observations Matrix

Issues and Observations	
<i>Budgeting Process</i>	
1	<i>Parties Involved</i>
	<p>Through our discussions with those involved in the process, creating the budget for the proposed parks was done during a meeting that took place on March 1, 2000. The following departments and employees of the County were involved:</p> <ul style="list-style-type: none"> • Director and key professional staff from the Parks and Recreation Department • Director of Facilities • Senior member of the Facilities Department • Head of Construction and Real Estate • Public Works Director <p>During the meeting, costs were estimated per project based on recent historical prices for constructing that item or a similar item. This process took place for all the proposed parks to be included in the referendum. Involvement from critical departments within the County such as Finance, Budget and Legal, as well as outside experts, was minimal during this process. To illustrate this point, a cost that was not considered prior to the referendum was the cost to issue the bonds associated with the referendum. The cost to issue the bonds totaled \$224,290 in the North, \$187,547 in Merritt Island, and \$573,993 in the South for a total of \$985,830. If additional subject matter experts had been involved, planning and budgeting for this cost would have been anticipated.</p>
2	<i>Contingency</i>
	<p>In addition to the specific estimated costs, a contingency rate of 15% was added to the cumulative amount of all projects in the referendum. The contingency plus the anticipated excess millage (see Issue regarding Referendum Language) was to cover:</p> <ul style="list-style-type: none"> • Unanticipated future events. • Incomplete estimates. • Increase in project costs. <p>Through high level benchmarking, we noted during the pre-referendum time period it was ‘normal’ to use a contingency of between 10% and 15%. However, even the largest construction estimates using a contingency of 10% were not scheduled for longer than 18 months which is significantly shorter than the 5-year original timeline proposed by the Parks and Recreation Department.</p> <p>Thus, the contingency that was assigned was too low due to the longer timeline, increasing the probability of unforeseen events significantly impacting construction time and costs.</p>
3	<i>Completeness of Estimates</i>
	<p>Per our review of the worksheets developed to estimate budgets for the individual projects, we noted budget line items were accumulated at a very high level. The items identified were the big ticket items and many costs were not included.</p>

Issues and Observations	
<i>Budgeting Process - continued</i>	
4	<i>Validation of Estimates</i>
	<p>The cost estimates derived from the March 1, 2000 budget meeting were not validated by anyone after the fact. At the time of this meeting, some of the historical figures were already up to a year old. By using outside experts (e.g., contractors) the estimates could have been more accurate and complete. The validation might have highlighted any variances or significant missed costs or validated the accuracy of the County’s estimations.</p> <p>Note: Even though contractor and/or external quotes would have aided in validation, dramatic increases in construction costs could not have been anticipated. See Post-Referendum External Factors.</p>
Recommendation	
	<p>We recommend the following:</p> <p><i>Parties Involved</i> It is critical that the appropriate resources are involved in the budgeting process. This should include internal subject matter experts as well as external experts. For future projects similar in nature to the referendum, we recommend the County utilize external experts in the areas of cost estimating and internal subject matter experts such as the Finance, Budget and Legal departments, as well as the County Manager’s office.</p> <p><i>Contingency</i> Due to the length and number of the projects and the uncertainty that comes with land acquisition and permitting, it is more effective for a contingency to be estimated for each project individually. The process of estimating a contingency includes many assumptions, most importantly the length of a project and the level of detail used for cost estimating. The contingency used for a short term project versus a long term project can be very different. Because the estimates were not detailed, a more conservative estimate should have been used in some cases. It has been noted, however, that the Director of Parks and Recreation anticipated utilizing excess millage to supplement the contingency factor.</p> <p><i>Completeness of Estimates</i> Developing standardized, detailed spreadsheets for each of the referendum projects would have improved efficiency and effectiveness. This tool combined with the input from all parties involved in the budgeting process would lead the estimates to a conservative level of completeness that could have been covered by a conservative contingency. (See Post-Referendum External Factors.)</p> <p><i>Validation of Estimates</i> It is recommended that the County utilize relevant outside expertise to validate estimates used in developing a budget for future potential referendums. Due to the size and complexity of the proposed project, the County should allow for the appropriate resources to be allocated to perform the required due diligence necessary prior to putting any referendum on the ballot.</p>

Issues and Observations	
5	<i>Land Acquisition</i>
	<p>There were twelve referendum projects that involved land acquisition. The identification of the land parcels is a key factor in the cost estimation and timeline for a particular project. The topography, composition, and size of the land have a large effect on the associated construction costs.</p> <p>The Parks and Recreation Department was granted the authority to obtain appraisals and negotiate the sale of properties prior to the referendum vote in 2000. The Department entered into one contract with a contingency. The parcels of land identified prior to the passage of the referendum were acquired at or below the budgeted referendum amount. About half of the parks with land acquisition did not have the actual parcel of land identified prior to the referendum. The process of identifying acceptable parcels of land is time consuming and requires a certain level of expertise. The majority of this responsibility was placed on the Support Services Manager of the Parks and Recreation Department, in addition to the normal full-time responsibilities of that position.</p> <p>The effect of not pre-identifying the parcels of land had numerous consequences. We noted this had a major impact on the accuracy of the original estimates both in the cost of the land, the delays in the timeline to purchase, and the cost of resources.</p> <p>For example: There were some instances, such as Rodes Park, in which a piece of land was identified and budgeted but the owner refused to sell the land after the passage of the referendum. At that point the identification process had to start over, with valuable time lost. The time delays in the land identification and acquisition phases of a project had a devastating effect on the construction budgets anticipated for the projects. In each instance, land acquisition was brought in front of the Board of County Commissioners accompanied by a funding plan for approval. In some cases, the overall results of the project may be more beneficial to the citizens. However, our examples within this issue are to illustrate the impact on the costs and timeline.</p> <p>In construction, project changes to plans result in higher costs. Some of the most costly changes in the referendum had to do with the size of acquired land. As discussed previously, the specific parcel of land acquired has a tremendous impact on costs for the rest of the project. For instance, Rodes Park was initially budgeted for 40 acres of land. The amount of land that was purchased was over 120 acres. The purchase of 80 additional acres impacted the budget.</p>

Issues and Observations																																																																																																																													
5	Land Acquisition - continued																																																																																																																												
<p>Other things to consider at each park include:</p> <ul style="list-style-type: none"> -Field lighting -Irrigation -Field construction -Permits, Ordinances, Building Code, Environmental concerns <p>When all these other facets of the construction process are considered it is easy to see the importance of estimating the budget correctly, further emphasizing the fact that land needs to be identified and negotiated upon prior to generating a construction budget.</p> <p>Below is a table illustrating the financial effect of not pre identifying parcels of land prior to budgeting for the referendum.</p> <p>Brevard County Parks & Recreation - 2000 Referendum Land Acquisition Statistics</p> <table border="1"> <thead> <tr> <th>Park</th> <th>Land identified prior to Referendum</th> <th>Original Budget</th> <th>Original Size of Budgeted Land</th> <th>Actual Expense **</th> <th>Actual Size of Land Purchase</th> <th>Date of Land Closing</th> </tr> </thead> <tbody> <tr> <td>Brevard Zoo (Vani)</td> <td>No</td> <td>\$ -</td> <td>-</td> <td>\$7,000</td> <td>10.81</td> <td>4/6/06</td> </tr> <tr> <td>Chain of Lakes (Holloway)</td> <td>Yes</td> <td>\$750,000</td> <td>90 acres</td> <td>\$758,000</td> <td>90 acres</td> <td>2/27/01</td> </tr> <tr> <td>Chain of Lakes (Dobbs)</td> <td>No</td> <td>\$ -</td> <td>-</td> <td>\$204,000</td> <td>2.2874</td> <td>8/14/01</td> </tr> <tr> <td>Chain of Lakes (Memorial Medical)</td> <td>No</td> <td>\$ -</td> <td>-</td> <td>\$2,800,000</td> <td>24.24</td> <td>2/14/06</td> </tr> <tr> <td>Cuyler Park</td> <td>Yes</td> <td>\$45,000</td> <td>1.5 acres</td> <td>\$38,000</td> <td>1.45 acres</td> <td>3/9/01</td> </tr> <tr> <td>Equestrian Trails & Facilities</td> <td>No</td> <td>\$110,000</td> <td>-</td> <td>\$ -</td> <td>-</td> <td>-</td> </tr> <tr> <td>Holder Park</td> <td>No</td> <td>\$ -</td> <td>-</td> <td>\$20,000</td> <td>1.12 acres</td> <td>12/12/02</td> </tr> <tr> <td>Mims-Scottsmoor Community Ctr</td> <td>Yes*</td> <td>\$110,000</td> <td>10.3 acres</td> <td>\$ -</td> <td>-</td> <td>-</td> </tr> <tr> <td>North Brevard Senior Center</td> <td>Yes</td> <td>\$250,000</td> <td>10 acres</td> <td>\$86,000</td> <td>12.93 acres</td> <td>1/4/02</td> </tr> <tr> <td>W.W. James Park</td> <td>Yes</td> <td>\$580,000</td> <td>40 acres</td> <td>\$340,000</td> <td>40.772 acres</td> <td>9/7/01</td> </tr> <tr> <td>Mitchell Ellington Park</td> <td>No</td> <td>\$1,600,000</td> <td>80 acres</td> <td>\$2,200,000</td> <td>114.155 acres</td> <td>1/4/02</td> </tr> <tr> <td>Rodes Park (Bertram/Schild)</td> <td>No</td> <td>\$1,000,000</td> <td>40 acres</td> <td>\$2,220,000</td> <td>100.181</td> <td>9/30/03</td> </tr> <tr> <td>Rodes Park Total (various other parcels)</td> <td>No</td> <td>\$ -</td> <td>-</td> <td>\$2,626,650</td> <td>107.121</td> <td>1/31/06</td> </tr> <tr> <td>South Beach Community Park</td> <td>Yes</td> <td>\$2,000,000</td> <td>40 acres</td> <td>\$1,390,000</td> <td>68.053 acres</td> <td>5/21/01</td> </tr> <tr> <td>South County Boat Launch</td> <td>No</td> <td>\$1,250,000</td> <td>5 acres</td> <td>\$2,100,000</td> <td>4.5 acres</td> <td>4/07/05</td> </tr> <tr> <td>Total</td> <td></td> <td>\$7,695,000</td> <td></td> <td>\$14,769,650</td> <td></td> <td></td> </tr> </tbody> </table> <p>(*) - This land was identified prior to the referendum; however, it has not been purchased to date. (**) - Does not include alternate funding sources.</p>							Park	Land identified prior to Referendum	Original Budget	Original Size of Budgeted Land	Actual Expense **	Actual Size of Land Purchase	Date of Land Closing	Brevard Zoo (Vani)	No	\$ -	-	\$7,000	10.81	4/6/06	Chain of Lakes (Holloway)	Yes	\$750,000	90 acres	\$758,000	90 acres	2/27/01	Chain of Lakes (Dobbs)	No	\$ -	-	\$204,000	2.2874	8/14/01	Chain of Lakes (Memorial Medical)	No	\$ -	-	\$2,800,000	24.24	2/14/06	Cuyler Park	Yes	\$45,000	1.5 acres	\$38,000	1.45 acres	3/9/01	Equestrian Trails & Facilities	No	\$110,000	-	\$ -	-	-	Holder Park	No	\$ -	-	\$20,000	1.12 acres	12/12/02	Mims-Scottsmoor Community Ctr	Yes*	\$110,000	10.3 acres	\$ -	-	-	North Brevard Senior Center	Yes	\$250,000	10 acres	\$86,000	12.93 acres	1/4/02	W.W. James Park	Yes	\$580,000	40 acres	\$340,000	40.772 acres	9/7/01	Mitchell Ellington Park	No	\$1,600,000	80 acres	\$2,200,000	114.155 acres	1/4/02	Rodes Park (Bertram/Schild)	No	\$1,000,000	40 acres	\$2,220,000	100.181	9/30/03	Rodes Park Total (various other parcels)	No	\$ -	-	\$2,626,650	107.121	1/31/06	South Beach Community Park	Yes	\$2,000,000	40 acres	\$1,390,000	68.053 acres	5/21/01	South County Boat Launch	No	\$1,250,000	5 acres	\$2,100,000	4.5 acres	4/07/05	Total		\$7,695,000		\$14,769,650		
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Issues and Observations	
5	<i>Land Acquisition - continued</i>
Recommendation	
	<p>We recommend the following:</p> <ul style="list-style-type: none"> • All areas or parcels of land required to support the referendum should be specifically identified. • The owners of the land should be contacted to ensure they are willing to sell the land at an acceptable price. • The appropriate level of due diligence should be performed to ensure the land can be used for the intentions of the project, i.e. it does not have restrictions of use. <p>Ideally, the County should enter into a contract with the land owner that allows for the sale of land contingent on the passage of the referendum when possible. The above factors are very important due to the time and budget aspects that are affected by this portion of the pre-referendum process. With the recommendation outlined above the appropriate amount of time should be determined and started prior to the referendum being put on the ballot. Long-term planning is a critical element to the success of future referendums.</p>

Issues and Observations	
<i>Project Planning</i>	
6	<i>Developing Timelines</i>
	<p>The timeline proposed by the Parks and Recreation Department for completion of the projects was three to five years. These timelines were used to develop the estimated costs and contingencies. We noted little diligence around the initial timeline. There were no formal timelines created for significant stages or measurable milestones of the referendum or for individual projects within the referendum.</p>
7	<i>Prioritizing Projects</i>
	<p>The lists of projects included in the referendum were not prioritized. Based on our review, all the projects were to be performed simultaneously. There was no formal and universally agreed upon prioritization of projects. There were attempts made to prioritize certain projects. However, due to the highly political nature of the projects and involvement of Committees this was not accomplished.</p>
Recommendation	
	<p>The adoption of a ‘high level implementation plan’ would have a positive impact on the overall success of the referendum projects. The Plan should be presented to the Board of County Commissioners and County management prior to approval of the proposed referendum going on the ballot. The Plan should include:</p> <p><i>Budget and Timelines</i> - Timelines need to be formally identified for individual projects and for key stages and milestones in the referendum. In addition, there is a need to have those timelines updated and communicated on a regular basis to the public and to the commissioners. The timelines should be supported by a universal prioritization system. (See Budgeting Process Issue)</p> <p><i>Prioritizing Projects</i> – Each individual project should be prioritized. There needs to be a common criteria ratified by the Board of County Commissioners that is used to rate the individual projects. For example, public safety concerns would be one area all projects would be rated on, as well as how the project fits into the long-term plan, how many citizens does it impact, etc. This overall rating would then determine the level of prioritization of the projects. A universal rating system will allow for the highest rated projects to receive the resources needed in order to complete those projects first.</p> <p><i>Resources</i> – Staffing and expertise needs should be identified in the planning stage of the referendum. It is also recommended that a construction management consultant, with experience in projects of this magnitude, be utilized to aid in the planning and budgeting of the referendum. (See Project Management Issue)</p> <p><i>Communication Plan</i> – The high level project plan should include an outline of the communication plan for the post-referendum period. If this was an outside firm taking on the referendum projects it would be anticipated that a communication plan would be intact. This would address internal as well as external communication including standardized tools and timing. (See Project Management Issue)</p>

Issues and Observations	
<i>Referendum Marketing</i>	
8	<i>Referendum Language</i>
	<p>There were many assumptions made due to the referendum language not being clearly defined. The itemized listing of projects on each pamphlet was not what the public was voting on. The actual referendum language was ambiguous as to whether the voters approved the stated bond amounts or the revenue generated from the millage increase. The Parks and Recreation Department was under the assumption that they would be allowed to use the excess revenue to compensate for any overages not covered by the 15% contingency. We noted this in several documents. For example: A&E interviews in January 2001, Commissioners meeting on March 18, 2004, and budget analysis meeting in May 2005.</p> <p>The following is the actual verbiage written by the Bond Council and the County Attorney which the citizens in North Brevard voted on and approved:</p> <p style="text-align: center;">North Brevard Recreational Special District</p> <hr/> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <p style="text-align: center;">“Shall the acquisition and construction of much needed recreational improvements within the North Brevard Recreational Special District be financed by issuing bonds not exceeding \$15,100,000.00, bearing interest rate at a rate not exceeding the maximum permitted by law and by levying an ad valorem tax not exceeding .8 mill on all taxable property within the municipal taxing unit for repayment of such bonds and maintenance of such recreational improvements?”</p> </div> <hr/>
9	<i>Pamphlets</i>
	<p>The four pamphlets used representing the different regions of Brevard County listed all the parks that would be built or improved. Itemized costs were shown to the public. The estimated amounts in the referendum pamphlets used in marketing to the public was inconsistent in the perceived level of accuracy those amounts portrayed. For example, in the North Brevard pamphlet, all parks were estimated to the nearest thousand. In the Merritt Island pamphlet, the parks were estimated to the dollar. When estimates are presented with more significant figures they give the impression that there is a higher degree of accuracy in those estimations. This was not the case with the estimates for the referendum projects.</p> <p>In addition, there were no disclaimers on the pamphlet stating the budgeted numbers were based on current year dollar amounts or on historical costs.</p>
Recommendation	
	<p>We recommend future ballot language clearly define what the citizens are voting on. It would have been more effective had the County Attorney been involved in significant planning meetings so the ‘intent’ was understood and presented to the citizens as such. This is critical to define for budgeting and borrowing purposes.</p> <p>The individual project estimates used in the pamphlets should not have been estimated to the actual dollar; rather all estimates used in marketing materials should portray the level of accuracy of those estimates. The greatest level of detail should be rounded to the thousands. Again disclaimer language should be included that estimates are at today’s prices, etc.</p>

Issues and Observations	
10	<i>Formalized Long Term Planning</i>
	<p>As the County does not have a formal long term strategic plan for parks and recreation within Brevard County, the tasks of pulling together the wish list, creating solid budgets and realistic timelines and identifying the land for the referendum could not be adequately completed within the approximate eight month time period.</p> <p>Without clearly defined long-term plans, actions may not be consistent with goals, objectives and future needs of the County.</p>
Recommendation	
	<p>Ideally, the County should formalize their planning process related to the long-term plans for parks and recreation within Brevard County to include:</p> <ul style="list-style-type: none"> • Goals and Objectives – these are statements of what is to be accomplished during the period to achieve various aspects of the basic purpose. • Long-term Plan – in its broadest sense, a long-term plan is a statement of goals or objectives and the course of action it intends to follow to accomplish them. A long-term plan is often called a “strategic plan”. We recommend that the Parks and Recreation Department develop a long-term plan, “strategic plan”, which would answer the following questions: where are we now, where do we want to go, how do we get there, how much will it cost, how will we fund it and are we making progress. <p>This planning process will assist the County in determining what parks and recreation related projects they want to pursue in order to stay focused and reach their ultimate goals. It will allow for a more effective and efficient turn around for the next referendum. Overall, long term planning is a key element to a successful referendum.</p>

Post-Referendum Project Management

Post-Referendum Processes

Audit Approach

Purpose

The purpose of this phase is to look at the significant events and processes that took place after the passage of the November 7, 2000 referendum. We will examine how these items affected the overall outcome.

Critical Points

- How many community committees were involved in the process and what was their role?
- How did the community involvement affect the efficiency of the project?
- Who was responsible for authorizing changes and adjusting the projects accordingly?
- Were County policies around bidding, payment of invoices, and contract management followed?
- Was there proper organizational structure for project management?
- How did the increase of land prices in Brevard affect the Referendum?
- How did the increase in construction related materials and labor affect the project?
- What other factors lead to the overruns and timeline lags?
- How was it determined to outsource or complete internally?
- Who was responsible for marketing and communication?
- What means were used to convey this information?
- Was the information accurate, timely?
- What is considered vital information to be conveyed to the public and what is not?

Testing

Accomplished through the following:

- Examination of various documents from that time period.
- Interviews with key personnel that participated in the process.
- Review of applicable County Policies and Procedures that governed the different processes.
- Review of a sample set of Contractors for proper pre-qualification, bidding procedure, and contract compliance over the term of the project.
- Review of invoices and payment applications for compliance with contracts and County Policies and Procedures.
- Review of periodicals and other sources for information surrounding the population growth and dramatic increases in external factors including, land prices, construction material costs, labor shortages, etc.

Post-Referendum Processes

Once the referendum was passed there was a shift from preparation to execution of the referendum. This occurred in the following areas:

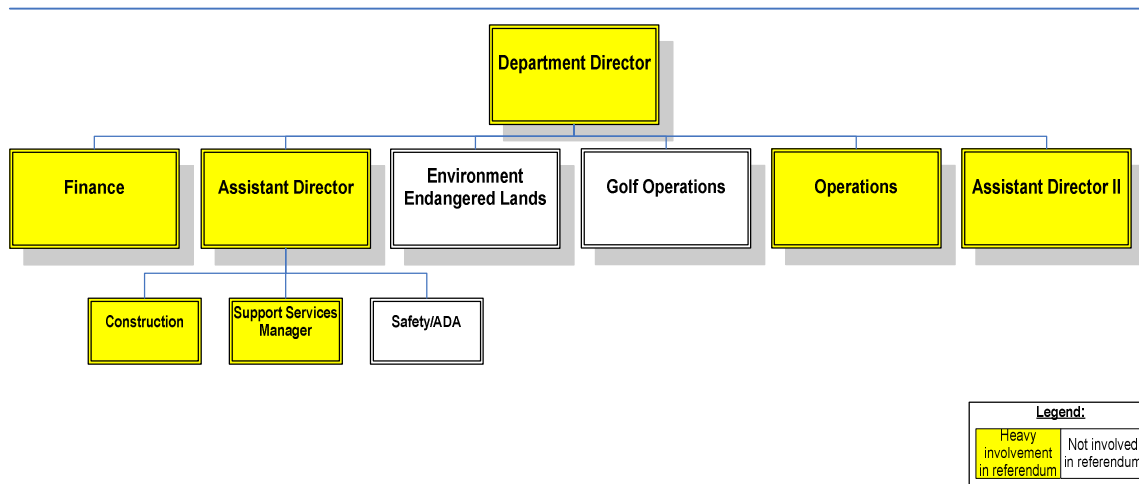
- Organizational structure and management
- Oversight by the Area Advisory Boards and Community Committees
- Project management
- External Factors
- Communication

Organizational Structure

Once the referendum had passed, the organizational structure within the Parks and Recreation Department was reevaluated. Due to the size of the overall project, additional resources and expertise were added within the Parks and Recreation Department. Shortly after the passage of the referendum, a new Construction Manager was brought into the Department. Over the life of the project, more project managers were added to the Department to compensate for the increased workload. The Parks and Recreation Finance resource was involved in validating contractors' financials for pre-qualification of bids. Operations were involved in all the different regions from a committee standpoint. In late 2003, a second Assistant Director took over operations and construction and reported directly to the Director.

The map below illustrates the post-referendum organizational structure at Brevard County Parks and Recreation Department.

**Post-Referendum - Brevard County Parks and Recreations Referendum
Management Structure**



Post-Referendum Processes

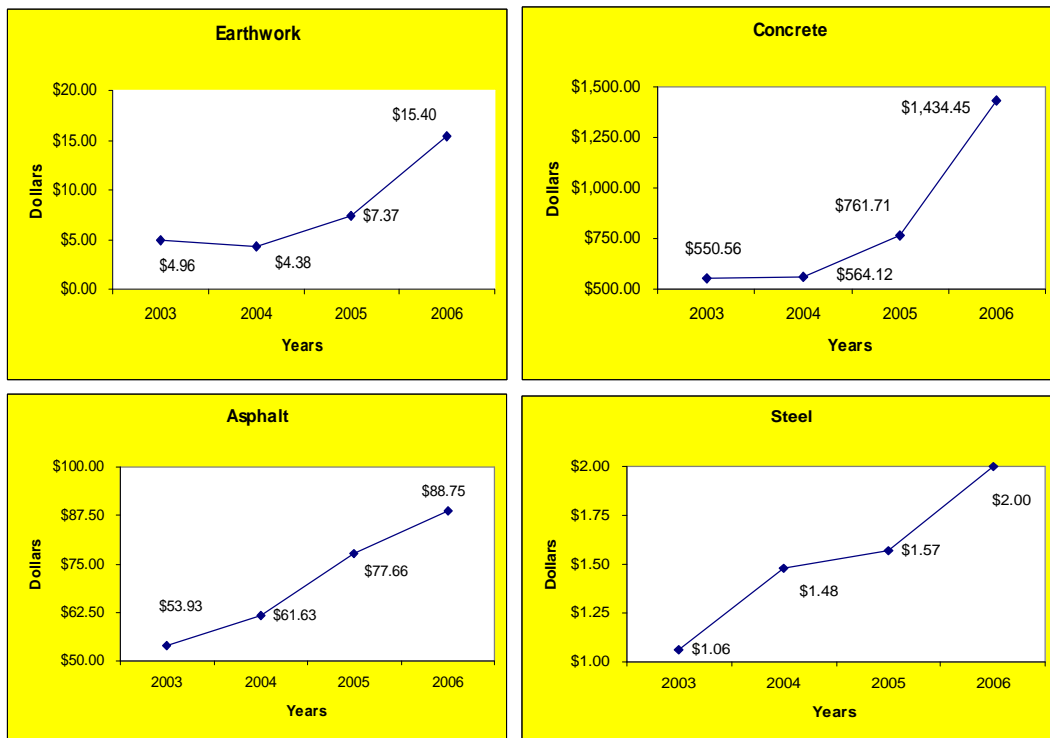
Oversight by Committees

In an effort to ensure the referendum would be monitored by all constituents, the Board empowered the Area Advisory Boards and Community Committees to oversee, create and approve the changes to projects within their respective areas. The Community Committees had a tremendous amount of authority to alter original design plans. There are 41 individual committees representing the different park projects on the referendum. The committees were comprised of residents and representatives from different organizations that the particular park would impact.

External Factors

There were many external factors that had a great impact on the cost of the referendum. A boom in the construction market, rising material costs, shortage of construction labor, changes in building codes, land costs and hurricanes combined to have a dramatic impact on the overall referendum cost.

Prices for concrete increased 36.2 percent from 2003 to 2005. Asphalt prices increased 14.3 percent in 2004, 26 percent in 2005 and 14.3 percent in 2006. Structural steel has increased nearly 100 percent from 2003 to 2006 and reinforced steel has gone up 44.2 percent, 21.3 percent and 75.8 percent the last three years, respectively. Below are charts illustrating some of the surging construction costs.



Communication

Once the referendum was passed, it was the responsibility of the Parks and Recreation Department to track the status of the projects and keep the Commissioners and citizens up to date as to the status of the referendum projects. The Department met with the Advisory Boards and Community Committees regularly and informed them of the status of their projects.

Post-Referendum Issues and Observations Matrix

Issues and Observations	
11	<i>Communication</i>
	<p>As noted in the Project Planning issue, it would have been effective to have a communication plan as part of the implementation plan to manage expectations and ensure citizens and commissioners were appropriately informed. Throughout our interviews and testing, we noted several initiatives regarding communication. However, they did not prove effective.</p> <p>Website The County created a website that has a link to all referendum projects. Currently, each referendum area has its own page that includes project elements, status, completions, photos and committee minutes. Although the websites include good information, they do not include project timelines or budget amounts. The website also has Information, Questions and Answers areas that have several questions and answers posted and a telephone number of the Parks and Recreation Department for additional questions. It is not interactive, as citizens cannot post questions or concerns, etc.</p> <p>Public Meetings with Committees The Parks and Recreation Department performed most of their communication with the community through public meetings. All 41 committees had update meetings in addition to the Area Advisory Board meetings which were conducted under Sunshine Guidelines. This was a very time and cost intensive way of communicating with the citizens.</p> <p>Commissions Reporting to the Commissioners and the general public was not performed regularly or under the guidelines of a formal plan. Each Commissioner wanted different levels of information about the status of their respective area projects and it was not uncommon for a Commissioner to have dialogue directly with the staff of the Parks and Recreation Department.</p> <p>Internal Communication Internal County communication was also ineffective. There were no agreed upon reporting parameters regarding when, to whom, and how to report significant changes to the budget, timeline and project design changes.</p>

Issues and Observations	
11	<i>Communication- continued</i>
Recommendation	
	<p>When dealing with projects of this size and nature it is critical to build a formal communication plan.</p> <p>Website / Public Meetings with Committees In addition to Public Meetings, it is important to have a uniform mechanism for citizens, including those involved in the committees, to monitor and provide feedback throughout the project. The County should dedicate the resources to enhance the referendum project web pages to allow this to become the main avenue for communication. Those pages need to be populated and updated for key events that have an impact on a park. For example, each park page should include summary information regarding the following:</p> <ul style="list-style-type: none"> • Timelines with the significant events and milestones plotted and updated • Budget, amended budget and change orders • Events impacting the timeline and budgets should be posted timely to ensure open communication. <p>It is very important that the citizens have a voice in what is happening with their park. Therefore, it is recommended that each park web page have a comments section that is emailed to the staff within the Parks and Recreation Department. There is also an option to host an online message board that will allow for those members to talk about the progress outside of the Area Advisory Board meetings. The County, specifically the Parks and Recreation Department, should utilize technology and the internet to connect with the community and save valuable resources in the process.</p> <p>Commissioners It would have been effective to adopt a communication plan at the onset of the referendum. Communication with the Commissioners should be uniform, regular and based upon agreed parameters which would include to whom and at what point a ‘situation’ needs to be elevated. It is critical to set the appropriate parameters to ensure the staff can work efficiently, as well as allow County management and Commissioners to be alerted of major events and changes.</p> <p>Internal Communication Regular, consistent communication is critical with a project of this size. Updates within the County, specifically between County management, Legal, and Budget should occur through the appropriate ‘chain of command’ and organizational outline. We recommend detailed updates including status reports by area as an alternative to verbal updates. By utilizing agreed upon parameters, the subjectivity of “who needs to know what and when” would be eliminated.</p>

Issues	
12	<i>Citizen Involvement and Oversight</i>
<p><u><i>Pre-Referendum</i></u> Prior to the passage of the referendum the 54 community user groups were utilized to develop the wish lists that addressed the needs and wants of a particular area where the park was to be located. The community involvement in the pre-referendum processes is considered a key to the successful passage of the referendum.</p> <p><u><i>Post-Referendum</i></u> Once the referendum had passed the constant committee involvement slowed down the construction and design processes. Each committee met with the Parks and Recreation Department to design their park after the referendum had passed and the budget for the park was generated. In several instances, once the project was designed the committees changed aspects of the park and those changes were presented to the Area Advisory Board for approval. In most cases the Area Advisory Board approved the recommendations of the committees.</p> <p>There were no formal charters for these community committees. However, it is our understanding they were assigned oversight responsibilities such as the budgets and timelines. The committees would utilize the Parks and Recreation Department as reference for issues or changes that involved the budget for the project. There was no formal documentation of changes made by the committees and the ramifications on the budget maintained by the Parks and Recreation Department. If changes approved by the Area Advisory Board created budget constraints per the Parks and Recreation Department, the issue was brought before the Board of County Commissioners.</p>	
Recommendation	
<p><u><i>Pre-Referendum</i></u> The utilization of private citizens for gathering the information needed to compile the project “wish list” prior to the passage of the referendum was a tremendous success and a similar model should be used in future referendums.</p> <p><u><i>Post-Referendum</i></u> The involvement from the community and citizens is important to the success of the projects. Committees should be used in the initial phases of a park’s development for referendums of this magnitude and complexity with the level of subjectivity involved. Once the conceptual park design is completed and agreed upon, the construction and implementation should be handled with a much more efficient process by experts. The bulk of the responsibility for oversight would then be placed on the Area Advisory Board, which is appointed and approved by the Board of County Commissioners. These boards are responsible for the approval of changes to the projects in their areas, and should be responsible for ramifications of those changes to the budget and timelines. As not to exclude the community committees from the process, the Area Advisory Board should hold public meetings at critical phases of the project allowing the opportunity for those initial committees’ opinions and those of other citizens to be heard during the design and construction phases prior to final decisions.</p>	

Issues and Observations	
<i>Project Management</i>	
13	<i>Monitoring</i>
	<p>Due to the magnitude and volume of transactions related to the referendum, the monitoring of the individual projects is critical. The County has a solid accounting system used for fund accounting. Through our detailed testing we noted no exceptions to compliance with County Policy, including the tracking and applying of the invoices. The system allows for tracking of budgets, actual expenses and encumbrances. In addition, the Parks and Recreation Department created supplemental spreadsheets providing more information in a user friendly format.</p> <p>Budget Updates We noted several tools used by the project managers that involved a continuous process of updating the budgets as recent data became available. For example, if the underlying assumptions of the budget for labor began to increase on project A it was extrapolated through jobs B, C and D. These tools were used in the field in the form of spreadsheets. However, not in the SAP system of the County.</p> <p>Timelines We did not see consistent preparation or monitoring of individual timelines. With such aggressive timelines established for the referendum projects this would be critical.</p>
14	<i>Adequacy of Resources</i>
	<p>Majority of the projects were managed by a project manager and the work was preformed through outsourcing. The referendum brought numerous administrative tasks including updating web sites, meeting with committees, managing contracts, site visits, etc. These additional tasks were not limited to parks and recreation activity and specialty. For example: To handle the additional volume of contracts and bids, the Parks and Recreation Department hired its own contract technician. The County Purchasing department handles all the contract management and bid processes for the County. They have policies and procedures that govern both processes. By bringing the specialized duties into the Parks and Recreation Department, they lost the expertise of the Purchasing department for contract management, monitoring and compliance, as well as supervision.</p> <p>Upon examination of selected contractor files it was determined the contract management process for the Parks and Recreation Department was effective in monitoring existing contracts for insurance and bonding issues. We did note the following issues:</p> <ul style="list-style-type: none"> • The required contract information was not present on a consistent basis when examining the contractor’s file. • The document retention system did not seem organized or current. • Oftentimes there were pertinent documents in other files and locations throughout the office and storage facilities. <p>Based on our analysis, the Parks and Recreation Department did not have the adequate level of resources or staff required to oversee and execute a \$73 million project within a 5 year timeframe.</p>

Issues and Observations	
<i>Project Management-continued</i>	
Recommendation	
	<p>Monitoring</p> <p>We recommend the County establish procedures in which all projects are monitored consistently. There should be standardized monitoring tools and reporting that would include:</p> <ul style="list-style-type: none"> • Detailed budgets for each project that are updated for any changes and compared to actual expenditures • Detailed timelines updated for any changes • Project staffing details • Change orders that effect the scope of the projects <p>At a minimum these reports should be updated and reviewed monthly. See also Communication Issue.</p> <p>Adequacy of Resources</p> <p>The County has different departments that have very specific expertise. Considering the impact and volume of work a future referendum would have on the County, it would benefit the Parks and Recreation Department to keep personnel with specific skills and expertise within the department dedicated to the referendum but supervised by the specific County department. Using the purchasing example, the Parks and Recreation Department does not have the level of expertise and knowledge to supervise this activity.</p> <p>Another opportunity to use external expertise is to contract a construction firm or consultant to help organize the infrastructure of the department to best utilize the resources of the County as well as the resources of the contractors.</p>

Issues and Observations													
15	<i>External Factors - Escalating Costs</i>												
<p>The Parks and Recreation Department was one of the many groups faced with escalating costs. Escalating costs stem from a myriad of different sources, including rising construction costs and surging land values in Brevard County, among other things. We noted through some high level benchmarking, rising costs have also threatened school projects. In more than a year, estimated costs for Brevard Public School’s seven year building plan increased 50 percent to nearly \$1 billion, according to construction cost analysis released by URS Corp.</p> <p>During the time the land acquisition phase was taking place, the Brevard County real estate market began to grow at an exponential rate. In the past five years, the Brevard County area has been one of the fastest growing areas in the country.</p> <div style="border: 1px solid gray; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Real Estate Increases from Previous Years</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Brevard County, FL (%)</th> <th>U.S. Average (%)</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>20.9</td> <td>8.8</td> </tr> <tr> <td>2004</td> <td>30.5</td> <td>8.8</td> </tr> <tr> <td>2005</td> <td>36.2</td> <td>12.6</td> </tr> </tbody> </table> </div> <p>Any delays in land acquisition resulted in steep increases in land costs, as well as increases in the components used in construction. Any delays in the land acquisition phase had a tremendous impact on the project in almost every facet. (See Pre-Referendum Land Acquisition)</p> <p>We also noted instances where County requirements for building codes changed and had a drastic impact on the costs. For example, lighting for the softball fields had code changes resulting in cost increases of more than 50% on the original costs estimated. Additionally, after the hurricanes of 2004, project buildings were identified as shelters and thus had elevated building requirements that were upgraded with referendum dollars.</p>		Year	Brevard County, FL (%)	U.S. Average (%)	2003	20.9	8.8	2004	30.5	8.8	2005	36.2	12.6
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<p>With the population growth Brevard County has seen in recent years and will continue to see in the future, the demand for land has increased substantially. <i>The Hometown News</i> July 7, 2006 noted an 11.6 percent increase in population from April 1, 2000 to July 1, 2005. That demand has made Brevard County land prices escalate dramatically. <i>Florida Today</i> 05/28/06 stated, "Housing prices in Brevard County have skyrocketed in the past five years. The median sales price for a local single-family home was \$224,800 in April, up from \$95,000 in April 2001, a 137 percent increase."</p> <div style="text-align: center;"> <table border="1"> <caption>Population Growth in Brevard County (Estimated Data)</caption> <thead> <tr> <th>Year</th> <th>Population</th> </tr> </thead> <tbody> <tr> <td>1920</td> <td>~10,000</td> </tr> <tr> <td>1940</td> <td>~20,000</td> </tr> <tr> <td>1960</td> <td>~100,000</td> </tr> <tr> <td>1980</td> <td>~220,000</td> </tr> <tr> <td>2000</td> <td>~300,000</td> </tr> <tr> <td>2002</td> <td>~480,000</td> </tr> <tr> <td>2010</td> <td>~550,000</td> </tr> </tbody> </table> </div> <p>Through various interviews and inquiries it was also noted that labor became a scarce resource because of the hurricanes that hit the region in 2004. Workers migrated to other states because of higher wage rates elsewhere. Parks not involved with the referendum were damaged by three hurricanes. A portion of the Parks and Recreation Department staff was devoted to responding to hurricane damage and their efforts were diverted from referendum projects.</p> <p>All of the factors listed above caused delays in construction which ultimately increased costs. It should be noted that many comparable organizations are dealing with the same issues across the state of Florida. The extraordinary hikes in construction components, oil and other commodities could not have been anticipated.</p>		Year	Population	1920	~10,000	1940	~20,000	1960	~100,000	1980	~220,000	2000	~300,000	2002	~480,000	2010	~550,000
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<p>As external factors come into play, the budgets, timelines and staffing plans should be addressed and updated to reflect the current situations. See the recommendation for Monitoring.</p>																	