

# **Consulting Reports**



AUDIT DEPARTMENT

# Audit Report

## Comprehensive Planning Desert Conservation Program

June 2012

Angela M. Darragh, CPA, CISA, CFE  
Audit Director

**AUDIT COMMITTEE:**

*Commissioner Steve Sisolak  
Commissioner Chris Giunchigliani  
Commissioner Lawrence Weekly*



# Audit Department

500 S Grand Central Pkwy Ste 5006 • PO Box 551120 • Las Vegas NV 89155-1120  
(702) 455-3269 • Fax (702) 455-3893

Angela M. Darragh, CPA, CFE, CISA, Director

June 13, 2012

Mr. Don Burnette  
Clark County Manager  
500 South Grand Central Parkway, 6th Floor  
Las Vegas, Nevada 89106

Dear Mr. Burnette:

We have conducted an audit of the Desert Conservation Program for the period January 1, 2001, to December 31, 2009.

The audit objectives were to determine if the Desert Conservation Program has reported the correct number of exempt acres and if the covered permittees under the Multiple Species Habitat Conservation Plan are submitting the mitigation forms to the Program Administrator.

We found that the controls over the mitigation forms are not working as intended. We noted grading permits that had been issued with no mitigation form to document the number of acres disturbed, exempt acres, if any, or the amount paid. Due to the lack of adequate controls, we could not determine whether the acres exempted and/or fees collected as reported by the permittees to the Desert Conservation Program were correct. We found 17% of the mitigation forms are missing from permittees' records. Based on our testing, mitigation forms are not being properly submitted to the Desert Conservation Program by the permittees. The Desert Conservation Program must rely upon the permittees to submit the mitigation forms.

A draft report was provided to the Director of Comprehensive Planning for comment and her response is included. We appreciate the cooperation and assistance provided by the Desert Conservation Program staff.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA  
Audit Director

## TABLE OF CONTENTS

<b>BACKGROUND.....</b>	<b>1</b>
<b>OBJECTIVES, SCOPE, AND METHODOLOGY .....</b>	<b>1</b>
<b>RESULTS IN BRIEF .....</b>	<b>2</b>
<b>DETAILED RESULTS .....</b>	<b>2</b>
<b>Exempt Acres not Verified .....</b>	<b>2</b>
<b>Detailed Permit Listing not Required from Permittees.....</b>	<b>3</b>
<b>Mitigation Fee Data Convolutated in the System .....</b>	<b>3</b>
<b>Missing Mitigation Forms .....</b>	<b>4</b>
<b>Payment Missing on Three City of North Las Vegas Mitigation     Forms.....</b>	<b>4</b>
<b>APPENDICES .....</b>	<b>6</b>
<b>Appendix A: Management Response Letter .....</b>	<b>6</b>

**BACKGROUND** On August 4, 1989, the U.S. Fish and Wildlife Service listed the Mojave Desert Tortoise within Clark County as a threatened species. In response to the listing, the Clark County Desert Conservation Program (DCP) was established.

The permit for the Clark County Multiple Species Habitat Conservation Plan (MSHCP) was issued in February 2001, and is valid for 30 years. Under the current permit, a total of 145,000 acres are available for disturbance. Of that total, 15,000 acres are allowed for government-exempt disturbance under the current plan. As of December 28, 2009, the DCP temporarily stopped permittees from exempting acres. The audit was requested by the DCP due to the uncertainty of the number of acres that have been exempted.

The DCP is responsible for ensuring compliance with the Federal Endangered Species Act through a Section 10(a) (1) (b) incidental take permit and MSHCP. The MSHCP requires a fee of \$550 be paid for each acre of disturbed land. These fees are collected by the permittees (Clark County, Nevada Department of Transportation, and the cities of Boulder City, Henderson, Las Vegas, North Las Vegas, and Mesquite) and collectively administered by the DCP. This allows developers to disturb land without conducting individual studies on the effect of the disturbance to the Desert Tortoise. These studies can be costly and time consuming for developers.

The lack of compliance to the MSHCP or adequate reporting could result in the permit being revoked. This would mean that the current Desert Conservation Plan would remain in effect but any additional land disturbance beyond what is covered by the Desert Conservation Plan would be applied for separately to the U.S. Fish and Wildlife Service by each land owner.

**OBJECTIVES, SCOPE, AND  
METHODOLOGY**

The objectives of the audit are as follows:

- Determine if the DCP has reported the correct number of exempt acres.
- Determine if the covered permittees under the MSHCP are submitting the land disturbance forms to the Program Administrator.

To achieve our audit objectives, we conducted interviews with various individuals to gain a general understanding of the DCP. We also reviewed the U.S. Fish and Wildlife and DCP websites to obtain background information on the requirements of a habitat conservation plan. We also reviewed Chapter 2 of the MSHCP, the MSHCP Permit, and the Clark County MSHCP Implementing

Agreement. Additionally, we reviewed local ordinances for Clark County and the cities of Henderson, Las Vegas, North Las Vegas, Boulder City, and Mesquite. Finally, we examined permittee's database downloads for reportable exempt acre information and examined a sample of land disturbance forms.

Our procedures covered the period of January 1, 2001, to December 31, 2009, and the last day of fieldwork was December 20, 2011. Due to the availability of data, we selected the end of 2009 as the end of our audit period. The exempt acres reported by the DCP were as of December 31, 2009.

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.

**RESULTS IN BRIEF** We found that the controls over the mitigation forms are not working as designed. We noted grading permits that were issued with no mitigation form to document the number of acres disturbed, exempt acres, if any, or the amount paid. Due to the lack of adequate controls, we could not determine whether the acres exempted and/or fees collected as reported by the permittees to the DCP were correct. We found 17% of the mitigation forms selected for testing was missing from permittees' records. Based on our testing, mitigation forms are not being properly submitted to the DCP by permittees. The DCP must rely upon the permittees to submit the mitigation forms.

## **DETAILED RESULTS**

**Exempt Acres not Verified** Per the MSHCP, Section 2.1.7.2, "the County shall develop a cost-effective means to provide an estimate of the number of acres of land disturbance per biennium resulting from activities not requiring payment of the development fee." As currently designed, the permittees authorize and self-report the number of exempt acres on a land disturbance mitigation fee form and submit the form to the DCP. The DCP has no control over who is allowed to authorize exempt acres. DCP tracks the number of exempt acres provided by the permittees on an Excel spreadsheet. However, the exempt acres are not verified and so they may be underreported. As program administrator, the DCP should be able to ensure exempt acres are correctly reported by the permittees. However, in this case, the DCP has to rely upon the permittees to report the correct exempt acres.

The DCP has the responsibility to administer the program but has no control over whether the permittees are correctly reporting the exempted acres.

**Detailed Permit Listing not  
Required from Permittees**

The DCP does not have the ability to verify that all permits issued by the permittees are charged the appropriate mitigation fee as required by the MSHCP or that the permit qualifies for an exemption from the mitigation fee. The permittees self-report the mitigation fees to the DCP using an Excel spreadsheet, which does not always include the amount charged.

As Program Administrator, the DCP has the responsibility to ensure that all mitigations fees have been appropriately charged and collected so that funding is available to carry conservation measures to protect endangered species.

*Recommendation*

We recommend for both findings that the DCP determine whether automated reporting and payment of mitigation fees is feasible. This would allow the DCP to ensure that land owners/developers are paying the mitigation fees, identify which owners/developers qualify for exemptions, and ensure permittees are reporting the correct number of acres. Alternatively, the DCP should request that each permittee provide a detailed system generated report each month that lists all permits issued and permit types. This report can then be used by DCP personnel to verify that mitigation fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees. Additionally, the DCP should have a memo of understanding with each permittee to help ensure that reported acres are assessed correctly and proper fees are collected. The memo of understanding should include a requirement that the permittee perform spot checks and self-audit reports and fees for accuracy and completeness.

**Mitigation Fee Data  
Convolutd in the System**

Clark County Development Services uses the Harward Technical Enterprise (HTE or Navaline) system to issue and track various grading, building, electric, mechanical, and other permits. There are a total of 28 permit type codes that may trigger the tortoise mitigation fee. With so many different permit types, the tracking of mitigation fees is very complex. Additionally, within the system, there is no code set up to track development of land that would qualify for an exemption of mitigation fees under the MSHCP. Further, mitigation fees can be charged to an application or a permit, project acreage may not be entered into the system, and a parcel of land may be assigned more than one application number. This further complicates the reporting of mitigation fees and exempt acres.

Without accurate system generated reports, the DCP has to manually track the collection of fees and the number of exempt acres using a spreadsheet and the submitted mitigation forms. If the mitigation forms are not properly submitted by the permittees, the information compiled by the DCP may be incomplete. This prevents the DCP from accurately reporting the number of exempt acres, the number of developed acres, and the collected fee amounts.

*Recommendation* We recommend that the DCP meet with Development Services and determine if it is possible to accurately capture mitigation fees and exempt acre information within the system.

**Missing Mitigation Forms** As part of our detailed testing, we sampled 271 Clark County grading permit numbers from a population of 2,894 and found 43 (16%) did not have a completed mitigation form. The mitigation form is the internal control which documents the number of acres being disturbed and the collection of the \$550 per acre fee. If the disturbed acres qualify for an exemption, the mitigation form reports the number of exempt acres. The control over the Clark County Development Services mitigation form for grading permits is not functioning as intended. Without completed mitigation forms, accurate records cannot be maintained to reflect the number of acres disturbed

*Recommendation* The DCP should request from Clark County Development Services a detailed system generated report each month that lists all permits issued by permit type. This report can then be used by DCP personnel to verify that mitigations fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees.

**Payment Missing on Three City of North Las Vegas Mitigation Forms** For the City of North Las Vegas, 28 out of 50 (56%) mitigation forms were missing. We also noted 25 permit numbers which stated the site was previously disturbed. However, no reference was made to the previously submitted mitigation form. We were unable to verify if a form was submitted or payment properly received. We also found three permits for which payment and the mitigation form was not submitted. The total was \$30,960. As currently designed, the DCP cannot verify that the permittee has submitted all mitigation forms or paid all mitigation fees since no system report is submitted that could assist the DCP to verify completeness of the mitigations forms. Without complete information from the permittee, the Program Administrator cannot accurately report the amount of income received and held for conservation measures.

*Recommendation.* The DCP should request from the City of North Las Vegas a detailed system generated report each month that lists all permits issued by permit type. This report can then be used by DCP personnel to verify that mitigations fees were collected and reported by comparing the report to the land disturbance mitigation fee forms submitted by the permittees. Additionally, the DCP should require all submitted monthly reports to be certified by all permittees as to accuracy and completeness. Lastly, the DCP should collect payment from the City of Las Vegas.

## APPENDICES

### Appendix A: Management Response Letter

#### MEMORANDUM

Department of Comprehensive Planning

NANCY A. LIPSKI  
Director

**TO:** ANGELA M. DARRAGH, Director of Audit Department  
**FROM:** NANCY A. LIPSKI, Director  
**SUBJECT:** Desert Conservation Program Exempt Acres Audit  
**DATE:** April 16, 2012

The Department of Comprehensive Planning appreciates the opportunity to review the Exempt Acres Audit (Audit). Overall, we agree with the findings and provide detailed responses to the findings below.

#### Purpose and Focus

In late 2009, Marci Henson, Program Manager, Desert Conservation Program (DCP) requested a comprehensive audit of the exempt acres permitted under the Clark County Multiple Species Habitat Conservation Plan (MSHCP). The MSHCP and incidental take permit allow for disturbance/development of up to 145,000 acres; of this, 15,000 acres were exempt from fee collection for public purposes and reserved to the Permittees (cities of Boulder City, Henderson, Las Vegas, Mesquite and North Las Vegas; and Clark County).

The Audit primarily focused on the tracking and reporting of acres disturbed under the MSHCP and permit that are exempt from the \$550 per acre fee and reserved to the Permittees for public purposes. The DCP has reviewed the Audit and is responding to each of the five key findings.

#### Findings and Management Response

##### 1. *Exempt Acres Not Verified*

The Audit found that the current practice of self-tracking and reporting of the exempt acres by the Permittees has resulted in inconsistent and unverifiable reporting of all disturbed acres to the DCP. The Audit acknowledges that despite the fact that the DCP has provided both written procedures and periodic training to the Permittees regarding the reporting of exempt and non-exempt acres disturbed pursuant to the MSHCP and permit, the DCP has no control over the accuracy and timeliness of these reports.

The DCP will work with the Permittees to develop a centralized, automated reporting and collection system for all mitigation fee payment and for verifying appropriate application of acres that are determined to be exempt from fee collection as a long-term solution. The Permittees have previously expressed support for centralizing the fee collection and reporting function within the DCP and the DCP has begun to determine what steps are necessary to implement this recommendation. Any long-term solution must include processes and procedures that allow the DCP to independently verify that the required fees and/or exemptions have been accurately calculated and assessed. In addition, better internal controls and audits will be requested from the Permittees.

In the short-term, the DCP will request system generated monthly reports and will use these reports to verify the accuracy of the mitigation fee and exempt acres reports submitted by the Permittees. This should be effective in the short-term, given the current slow pace of permitting in general by the Permittees. As the local economy improves and the issuance of grading permits by the Permittees increases, it is unclear what effect an increase in disturbance activities by the Permittees will have on staffing resources in the DCP in reviewing and verifying mitigation fee and exempt acres reports by the Permittees.

The Program's guiding documents will be reviewed and amended, as appropriate, to address compliance and reporting issues as necessary. In addition, the DCP will explore the development of a Memorandum of Agreement among the Permittees to provide more formal standards and procedures for collecting, verifying and reporting disturbance and fee collection pursuant to the MSHCP.

2. *Detailed Permit Listing not Required from Permittees*

The Audit found that the DCP does not have the ability to verify that all grading permits issued by the Permittees are charged the appropriate mitigation fee charges as required by the MSHCP or that disturbance classified as exempt by the Permittees in fact qualify for an exemption from the mitigation fee.

The DCP will work with the Permittees to explore developing a centralized, automated reporting and collection system for mitigation fee payment and tracking as a long-term solution. The Permittees have previously expressed support for centralizing the fee collection and reporting function within the DCP and the DCP has begun to determine what steps are necessary to implement this recommendation. In the short term, the DCP will also work with the Permittees to determine what internal controls are in place and will request processes and procedures to obtain greater accuracy and compliance.

3. *Mitigation Fee Data Convolved in the System*

The Audit found that the system used by the Clark County Development Services Department does not effectively track whether authorized development activities will be subject to a grading permit and assessed the required mitigation fee. Similarly, the system does not allow for efficient and effective tracking and reporting of activities that have been exempted from the fee. As recommended by the Audit, the DCP will meet with the Development Services Department and the Assistant County Manager Office to develop methods to ensure more effective tracking and reporting of mitigation fees assessed and/or exempted and agree to a process that allows the DCP to independently review and verify the accuracy of these assessments. The DCP will be relying on the chain of command to ensure that problems are resolved and corrected. The DCP recommends quarterly meetings among the DCP, Development Services and Assistant County Managers Office to ensure issues are addressed and resolved among the parties.

4. *Missing Mitigation Forms*

The Audit results identified instances where grading permits were issued but the required mitigation fee forms were incomplete and/or missing. As recommended by the Audit, the DCP will meet with the Development Services Department and the Assistant County Manager Office to identify what methods are available to ensure more effective tracking and reporting of mitigation fees assessed and/or exempted. The DCP will work with the Development Services Department and Assistant County Manager's Office to come to agreement on a process that allows the DCP to independently review and verify the accuracy of these assessments.

5. *Payment Missing on Three City of North Las Vegas Mitigation Forms*

Similar to the previous finding, the Audit found multiple instances of missing and/or incomplete mitigation fee forms from the City of North Las Vegas; the Audit was unable to verify if a fee form was submitted or whether the required mitigation fee had been collected. In three instances, it does not appear that the required fee was collected and/or submitted to the DCP as required by the MSHCP and permit.

The DCP will request payment from the City of North Las Vegas unless it can provide the documentation verifying payment to the DCP. The DCP will also work with the City of North Las Vegas to request system generated monthly reports and will use these reports to verify the accuracy of the mitigation fee and exempt acres reports submitted by the City and develop a centralized, automated reporting and collection system for all mitigation fee payment and for verifying appropriate application of acres that are determined to be exempt from fee collection.

**DESERT CONSERVATION PLAN**

**CONSULTING REPORT**

# **Clark County Desert Conservation Program**

## **Clark County Multiple Species Habitat Conservation Plan**

### **BACKGROUND INFORMATION:**

On August 1, 1995 the Department of the Interior-US fish and Wildlife Service issued an Incidental Take Permit (PRT-801045) to Clark County and several cities including the Cities of Henderson, Las Vegas, North Las Vegas, Mesquite, and Boulder City. This Permit authorized the jurisdictions to take (kill, harm, harass) all desert tortoises incidental to grading or other earth-moving activities necessary for private or public development projects on non-Federal land in Clark County. The authorization of this Permit was subject to the full and complete compliance with the Clark County Desert Conservation Plan ("CCDCP") as described in the Final Environmental Impact Statement for Issuance of a Permit to Allow Incidental Take of Desert tortoises in Clark County, Nevada.

To ensure compliance with the CCDCP, the participating jurisdictions signed the Desert Tortoise Long-Term Desert Conservation Plan Implementation Agreement which specified the responsibilities of each jurisdiction, the conservation and mitigation measures to be implemented, the reporting and enforcement procedures and other required permit conditions.

In September 2000, as an extension of the effort begun with the CCDCP, Clark County; the Cities of Las Vegas, North Las Vegas, Boulder City, Mesquite, and Henderson and the Nevada Department of Transportation (Applicants) prepared a Multiple Species Habitat Conservation Plan (MSHCP – "The Plan") and Environmental Impact Statement (EIS) for Clark County, Nevada. The MSHCP was prepared in cooperation with the Clark County Implementation and Monitoring Committee and various state and federal agencies. (United States Fish and Wildlife Service, Nevada Division of Wildlife, United States Bureau of Land Management, United States National Park Service, United States Forest Service, US Geological Survey Biological Resources Division, United States Environmental Protection Agency, UNLV, UNR, Biological Resources Research Center at UNR, Nevada Natural Heritage Program, Nevada Division of Forestry, Southern Nevada Water Authority and Utah State University.)

The MSHCP was intended under Section 10(a) of the Endangered Species Act to support the issuance, by the United States Fish and Wildlife Service, of a permit or permits (Section 10(a) Permit) which would:

- ◆ Allow the "take" of threatened or endangered species resulting from otherwise lawful activities on non-Federal properties within the county; and
- ◆ Allow the "take" of threatened or endangered species that are currently unlisted but may become listed in the future.

Whereas the CCDCP focused primarily on the conservation of desert tortoise, the intent and purpose of the MSHCP was to establish a means to address the conservation needs of the entire range of biological resources within Clark County. The provisions of the CCDCP were integrated into the MSHSP, and supersede the provisions of the DCP.

Specifically, the MSHSP provided that Clark County and each of the Cities to continue to impose the \$550/Acre development fee on disturbance of non-Federal property throughout the county which involve a permit issued by the county or cities. The MSHSP requires the jurisdictions to remit the mitigation fees to the Clark County Desert Conservation Plan Endowment Fund on a monthly basis. The development fee is imposed on all land disturbance on private lands which is subject to development permits, as that term is defined in the Clark County Code, Section 28.46 issued by Clark County or the Cities and will be paid at the time of issuance of the building or grading permit or, in the case of NDOT, prior to the land disturbance.

## Clark County Desert Conservation Program Systems Narrative

### **Mitigation Fee Assessment:**

Developers of land and private owner/builders of custom homes are required to pay for all land disturbance associated with the Desert Conservation Program, through the Clark County Department of Development Services. Applicants submit grading or building applications which are reviewed by Zoning Plan Examiners for determination if the property is subject to the DCP mitigation fees. Only grading associated with the initial disturbances of land requires Desert Conservation Plan (DCP) forms to be completed and payment of fees. Historical property permit information is reviewed to determine if the property has had previous grading or building permits issued. The historic data indicates the prior permit information and whether the DCP fees have been previously assessed. The Zoning Plan Examiner also uses aerial photo maps for objective determination of whether property has had prior disturbances. If the property is determined to require DCP fee assessment the Zoning Plan Examiner enters the acreage of the parcel into the H.T.E. Computer System that details permit information for all permits issued by Clark County Development Services. The acreages are verified from either the Geological Information System (GIS) from the Clark County Assessor office or the engineering plans submitted with the application.

The three part Desert Conservation Plan Land Disturbance/Mitigation Fee Form (DCP Form - Exhibit A) is completed by the Fee Workup Specialist in the Administrative Division of the Development Services Department. The Fee Workup Specialist reviews the acreage from the H.T.E. Computer System and determines, based on the application, if the entire acreage is subject to the fees. Clark County Code Section 30.80.080(d) requires for development of single-family residential and manufactured housing on property of two (2) gross acres in size or greater and for development of freestanding off-premises signs, communication towers and similar structures there is a mitigation fee minimum charge. If less than 10,000 square feet of property is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee is \$137.50. If more than 10,000 square feet but less than 20,000 square feet of the property is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee is \$ 275.00. If the applicant disturbs less than the entire parcel, only the acreage to be disturbed is used to calculate the mitigation fee. The completed DCP Form is attached to the permit package and scanned into the Department of Development Services records system. The numbering system for the DCP Form coincides with the permit numbers.

Clark County charges the DCP mitigation fees for public works projects (i.e. public roads and parks). The DCP Forms are completed by the Public Works Department and the mitigation fee is charged to the general contractors of the public works projects as permits are issued for the project.

Clark County has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

Administrative fees are assessed and collected by Clark County only if the Zoning Plan Examiner determines the land disturbance permit is an initial disturbance for the property. If the property is not subject to be assessed the DCP mitigation fees, the form is not completed and the administrative fees are not assessed. The administrative fees are \$ 25 for each residential permit and \$ 50 for any commercial permit.

The completed DCP forms and permit applications are maintained by the Department of Development Services on a KOVIS Imaging System. No written procedures exist for any division of the Department of Development Services for the assessment or collection of the DCP mitigation fees.

### **Mitigation Fee Collection and General Ledger Posting:**

Once the Permit is approved, the Cashiers collect the permit fees, including the DCP mitigation fee, from the applicant. The Cashiers issue a computer generated permit detailing the permit fees. The computer generated Permit is the applicant's receipt for fees paid. The pink copy of the three part DCP form is given to the applicant.

The Cashiers enter all permit fees collected (including DCP mitigation fee) in the accounting system by the applicable fee category. On a daily basis each cashier generates a computer printout of all the fees collected at his/her station. The computer printouts are delivered to the Bookkeeper. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

### **Mitigation Fee Reconciliation and Remittance:**

The Bookkeeping Department prepares a Revenue Transmittal Form summarizing all revenues (by category) deposited each day. The bookkeeper balances the computer printouts received from each of the cashiers to the totals reported on the Revenue Transmittal Form. The total funds collected for DCP mitigation fees are deposited directly into the Desert Conservation Plan Section 10 bank account. The Revenue Transmittal Forms are sent daily to the Treasurer's Department, which reconciles the deposited amounts to the amounts reported on the Revenue Transmittal Forms.

Each cashier places the white copy of the DCP Mitigation Form into a file for month end processing. On a monthly basis, a DCP Cashier recalculates the mitigation fee on each form and completes a Desert Conservation Plan Compliance Report Month-End Summary (Summary - Exhibit B) which includes the month the mitigation fees were collected, total number of acres disturbed, total exempt development acreage, and the total mitigation fees collected. A monthly detailed report listing the DCP forms and information separately is prepared as part of this process. The Summary, the detailed listing and the white copies of the Forms are sent to the Clark County Desert Conservation Program. A copy of the Summary, detailed listing and copies of the DCP Forms are not distributed to the Finance Department.

**Clark County**  
**Desert Conservation Program**  
**FINDING AND RECOMMENDATIONS:**

**Mitigation Fee Assessment**

• **Findings # 1:**

The Zoning Plan Examiner determines if the property is subject to the DCP mitigation fees. If the property is determined to require DCP fee assessment the Zoning Plan Examiner enters the acreage of the parcel into the H.T.E. Computer System that details permit information for all permit issued by Clark County Development Services. The acreage entered into the HTE System is the total gross acreage in the property parcel. The entire acreage is not necessarily subject to the mitigation fee assessment.

Occasions exist that the amount subject to the mitigation fee is less than the total gross acreage in the property parcel. Clark County Code Section 30.80.080(d) requires on property of two (2) gross acres in size or greater and for development of freestanding off-premises signs, communication towers and similar structures there is a mitigation fee minimum charge. If less than 10,000 square feet of property is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee is \$137.50. If more than 10,000 square feet but less than 20,000 square feet of the property is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee is \$ 275.00. If the applicant disturbs less than the entire parcel, only the acreage to be disturbed is used to calculate the mitigation fee.

Although the audit results indicate the exception in Code Section 30.80.08(d) appears to have been followed, documentation of the exception could be improved. The DCP form has a section to identify **Exceptions OR Reduction of Fee Applies**, but this section rarely detailed the reason for the reduction of fees.

**Recommendation:**

- ◆ We recommend that Clark County implement a procedure to identify the difference in the acreage listed in the HTE System and the actual acreage subject to the fees and document the reason for any reduction in the mitigation fee on the DCP Form.

• **Findings # 2:**

Procedures are followed; however, no written procedures exist for any division of the Department of Development Services for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend that Clark County implement written procedures for the Zoning Plan Examiner and Workup Fee Specialist for the assessment of the mitigation fees. The Procedures should incorporate a copy of the actual code Section 30.80.080 – (MCHSP Mitigation Fee).

● **Findings # 3:**

The completed DCP forms and permit applications are maintained by the Department of Development Services on a KOVIS Imaging System. During the review of the sample population of DCP Form it was determined that not all of the DCP Forms are scanned into the system. 14 (fourteen) samples out of a sample population of 75(seventy-five) did not have a copy of the DCP form in the KOVIS Imaging System. The missing forms were requested and obtained from the Desert Conservation Program records.

**Recommendation:**

- ◆ We recommend that Clark County implement a procedure to verify that all DCP forms are properly recorded into the KOVIS Imaging System.

● **Findings # 4:**

Clark County Code Section 30.80.080(4f) of the Clark County Unified Development Code requires all applicants for development permits that are required to submit a Land Disturbance Report shall pay processing fees of twenty five dollars (\$25) per residential development permit and fifty (\$50) per commercial land disturbance permit to the Clark County Building Department which issues the Land Disturbance Permit.

Clark County currently charges the processing fee to those applicants required to pay the mitigation fees, not all of the applicants for Land Disturbance Permits.

**Recommendation:**

- ◆ Clark County charge the processing fees to all of the applicants for land disturbance permits not only those required to pay the mitigation fees.

## **Mitigation Fee Collection and General Ledger Posting**

- **Findings # 5:**

The Cashiers enter permit fees collected (including DCP mitigation fee) in the accounting system by the applicable fee category. On a daily basis each cashier generates a computer printout of the all fees collected at his/her station. The computer printouts are delivered to the Bookkeeper. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

### **Recommendations:**

- ◆ We recommend that Clark County implement written procedures for the Cashiers for the collection of the mitigation fees.

## **City of Henderson Desert Conservation Program System Narrative**

### **Mitigation Fee Assessment:**

Mitigation fees are assessed in conjunction with two different development related permits issued by the City of Henderson. Grading permits are issued to developers who plan to improve large areas of land for residential subdivisions, office building, condominiums and apartment dwellings. Building permits are issued to the owner/builder of individual custom homes. Neither of these permits is issued until Henderson has received payment of the tortoise mitigation fee.

Applications for grading permits are made at the Public Works Department. Applications for building permits are made at the Building Department. The application requests basic information that identifies the location and the number of acres to be developed. The Public Works Department verifies the gross acres to be developed for both permits by reference to the Assessors Parcel Maps or the Project Final Maps, as applicable. When the acres to be developed have been verified, the Public Works Department is responsible for calculating the mitigation fee and determining if the mitigation fee was paid by a previous permit holder. If the fee was previously paid, the current applicant is required only to pay for any additional acreage to be developed. Therefore, the mitigation fee is paid only once on any specific parcel of land.

Once the mitigation fee to be assessed is determined, the Public Works Department assists the applicant in the completion of the three part Desert Conservation Plan Land Disturbance/Mitigation Fee Form (DCP Form). A numerically sequenced DCP Identification Number is not currently assigned to the DCP Form. During the audit period from February 1, 2001 until September 30, 2003 a numerically sequenced DCP Identification Number was assigned, however this process was no longer followed after September 30, 2003. The City of Henderson has resumed assigning a numerically sequenced DCP Identification Number as of September 17, 2004. A Memorandum Form (Exhibit 1B) for commercial developments and for owner/builder residences is also completed as part of the permit process. These forms include developable acres, mitigation fee, and grading fee. The customer is given the completed forms and is instructed to proceed to the Building Department.

At the Building Department, a Building Permit Specialist issues the applicant a multiple part computer generated fee listing. The fee listing contains a description of the amounts, types of fees assessed, and the general ledger revenue account code applicable to each fee. The Building Permit Specialist records the fee listing number and the project number on the Form. The Building Permit Specialist gives the applicant the pink copy of the DCP Form. The yellow copy is retained by the Building Department and the white copy of the form is retained for month end processing by the New Development Engineer.

The City of Henderson does not charge the DCP mitigation fees for any city constructed public works projects, however contractors of Subdivision projects are charged for the total acreage of all subdivision acreage including acreage for public streets within the subdivision. No procedures exist for the recording or reporting of land that is exempt from the Desert Conservation Program.

Henderson has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

Administrative fees were not collected by the City of Henderson during any of the audit period; however the City of Henderson will require all grading permits to be charged an administrative fee beginning October 1, 2004.

No written procedures existed for the Public Works or Building Department for the assessment of the DCP mitigation fees during the audit period.

### **Mitigation Fee Collection and General Ledger Posting:**

The customer takes the computer generated fee listing to the Cashier and pays all applicable fees. A computer generated receipt with all details of the permit fees paid is given to the applicant. These receipts are posted daily to the KIVA Accounting System to the general ledger account code applicable to each fee. The receipts are posted daily to the KIVA system via real time updates from the Cashier for Windows/Revenue Collector, which is the current cashiering system. On a daily basis, cashiers reconcile all KIVA payments processed through Cashier for Windows to reports generated from KIVA. Any discrepancies are addressed immediately and corrected. The Cashier is not required to check the mitigation fee calculation. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

### **Mitigation Fee Reconciliation and Remittance:**

On a monthly basis, the New Development Engineer completes a Desert Conservation Plan Compliance Report Month-End Summary (Summary - Exhibit B) which includes the month the mitigation fees were collected, total number of acres disturbed, total exempt development acreage, and the total mitigation fees collected. A detailed report listing the DCP form's information is prepared as part of this process. The Summary and detailed listing is sent to a Public Works Analyst to reconcile against the general ledger account for Desert Conservation Fees. The reconciled Summary with the white copies of the Forms is sent to the Clark County Desert Conservation Program. A copy of the Summary is not sent to the Finance Department.

The Finance Department issues a check to the Desert Conservation Plan on a monthly basis. The Financial Department issues the check for the total amount reflected in the Desert Conservation Plan general ledger account. No reconciliation is completed by the Financial Department against the Summary report generated by the New Development Engineer or against the DCP Forms. No written procedures exist for the Finance Department for the reconciliation and remittance of the DCP mitigation fees.

**City of Henderson  
Desert Conservation Program  
FINDING AND RECOMMENDATIONS:**

**Mitigation Fee Assessment**

• **Finding # 1:**

Title 19.10.10 – Multiple Species Habitat Conservation in the Henderson Development Code requires all applicants for development permits to pay a mitigation fee of \$ 550 per gross acre except as provided in Section 19.10.10(c) (exemptions and exceptions) Section 19.10.10(C) (2) states:

- Development of property for which fees have been paid as required by a Section 7 consultation issued pursuant to the Federal Endangered Species Act shall be allowed to credit mitigation fees actually paid against the total amount of the fees required by this chapter.

The City of Henderson is exempting the property previously required to pay a Section 7 Mitigation Fee rather than allowing a credit of the mitigation fees actually paid against the total amount of fees required by the chapter.

**Recommendation:**

- ◆ We recommend that the mitigation fee be assessed based on the provisions set forth in Henderson Development Code 19.10.10(C) (2).

• **Finding # 2:**

Title 19.10.10 – Multiple Species Habitat Conservation in the Henderson Development Code requires all applicants for development permits to pay a mitigation fee of \$ 550 per gross acre except as provided in Section 19.10.10(c)- (exemptions and exceptions). Section 19.10.10(C) (3) and (4) states:

- 19.10.10(C)(3) – Development of single-family residential and manufactured housing on lots two gross acres in size or greater, where less than one-fourth of an acre of the property is graded or otherwise disturbed, with the balance of the property left in its natural condition shall pay a mitigation fee of one-hundred thirty-seven dollars and fifty cents (\$137.50). When more than one-fourth but less than one-half acre is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee shall be two hundred seventy-five dollars (\$275.00).

- 19.10.10(C)(4) - Development of freestanding off premises signs, communication towers, and similar structures, where less than one-fourth of an acre of the property is graded or otherwise disturbed, with the balance of the property left in its natural condition shall pay a mitigation fee of one-hundred thirty-seven dollars and fifty cents (\$137.50). When more than one-fourth but less than one-half acre is graded or otherwise disturbed and the balance of the property is left in its natural condition, the mitigation fee shall be two hundred seventy-five dollars (\$275.00).

The City of Henderson has been assessing the mitigation fee on gross acres disturbed without regard to the provisions in Development Code Section 19.10.10(C)(3) and (4).

**Recommendation:**

- ◆ We recommend that the mitigation fee be assessed based on the provisions set forth in Henderson Development Code 19.10.10(C) (3) and (4).

- **Finding # 3:**

No written procedures exist for any division of the Department of Development Services for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend the City of Henderson to implement written procedures for the Public Works Department and Building Department for the assessment of the mitigation fees. The Procedures should incorporate a copy of the Henderson Development Code Section 19.10.10 – (Multiple Species Habitat Conservation).

- **Finding # 4:**

A numerically sequenced DCP Identification Number is not currently assigned to the DCP Form. During the audit period from February 1, 2001 until September 30, 2003 a numerically sequenced DCP Identification Number was assigned, however this process was no longer followed after September 30, 2003. No procedures have been implemented to account for missing Forms or to investigate and document any variances.

**Recommendation:**

- ◆ We recommend that procedures be implemented to assign a sequential numbering system to the DCP Forms. A log should be maintained and the log should be reconciled to Forms transmitted to the Desert Conservation Plan on a monthly basis. Any variances should be documented for appropriate resolution.

**Mitigation Fee Collection and General Ledger Posting:**

• **Finding # 5:**

The Cashier is not required to check the mitigation fee calculation. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

**Recommendations:**

- ◆ We recommend the City of Henderson implement written procedures for the Cashiers for the collection of the mitigation fees including a procedure to check the mitigation fee calculation.

• **Finding # 6:**

Henderson Development Code Section Title 19.10.10(E) – Multiple Species Habitat Conservation requires all applicants for development permits to submit land disturbance report shall pay processing fees of twenty-five (\$25.00) per residential development permit and fifty (\$50.00) per commercial development permit to the Henderson Building and Safety Department.

During the Audit period, the City of Henderson did not collect any processing fees pursuant to Henderson Development Code Section Title 19.10.10(E).

**Recommendations:**

- ◆ We recommend that the processing fee be assessed based on the provisions set forth in Henderson Development Code 19.10.10(E).

• **Finding # 7:**

In connection with the testing mitigation fees collected, we were informed that it is the City of Henderson policy to retain financial records for a minimum of two fiscal years. However, the DCP forms were not available for the two year period.

**Recommendation:**

The Federal "Incidental Take Permit PRT 801045, Multiple Species Habitat Conservation Plan and Environmental Impact Statement require independent audits of compliance with the provisions of the Permit and implementation of the Desert Conservation Plan by each jurisdiction up to every (4) years. We recommend that the City of Henderson retain appropriate records to satisfy this recurring independent compliance audit.

## **Desert Conservation Program City of Mesquite System Narrative**

### **Mitigation Fee Assessment:**

Developers of land and private owner/builders of custom homes are required to apply for Building and Grading Permits through the City of Mesquite Building Department. During the audit period only applications for development permits that the Desert Conservation Plan (DCP) Fees were collected required the DCP form to be completed. Currently, all permits for grading and building development require the DCP form to be completed.

The three part Land Disturbance Form (Exhibit A) is completed by the Director of Building for grading permits and the Building Plan Checker for building permits. No numbering system exists for the DCP Form. The Director of Building and Building Plan Checker determines the specific location of the property within the City limits. Depending on the location, the fees are reduced for Section 7 Fees that were collected when the City purchased certain parcels from the BLM. Since the mitigation fees in place at the time of purchase of the BLM property were less than the current \$ 550 per acre, the City has generated a map depicting the "Net" fees per acre for property located in these parcels. Fees are calculated based on the Gross Acreage from Engineering Plans submitted with each application. No cumulative report of acreage subject to mitigation fees or exempt acreage is maintained.

The City of Mesquite does not charge the DCP mitigation fees for any city constructed public works projects, however contractors of Subdivision projects are charged for the total acreage of all subdivision acreage including acreage for public streets within the subdivision.

The City of Mesquite has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

No administrative fees are collected by the City of Mesquite.

The completed Form and permit application are filed and maintained by the Building Department. No written procedures exist for the Director of Building or the Building Plan Checker for the assessment of the DCP mitigation fees.

### **Mitigation Fee Collection and General Ledger Posting:**

Once the Permit is approved, the Cashier collects the permit fees including the DCP mitigation fee from the applicant. The Cashier issues a system generated General Receipt to the applicant for all fees collected. The Cashier enters all permit fees including the mitigation fee collected in the accounting system by the applicable fee category. On a weekly basis the cashier completes a summary of the DCP fees collected and submit the report to the Director of the Building Department along with the white and yellow copies of the DCP form. The pink copy of the three part form is given to the applicant. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

### **Mitigation Fee Reconciliation and Remittance:**

On a monthly basis, the Director of the Building Department recalculates the mitigation fee on each form and completes a Desert Conservation Plan Compliance Report Month-End Summary (Summary - Exhibit B) which includes the month the mitigation fees were collected, total number of acres disturbed, total exempt development acreage, and the total mitigation fees collected. A detailed report listing the DCP forms and information separately is not prepared as part of this process. The Summary with the white copies of the Forms is sent to the Clark County Desert Conservation Program. A copy of the Summary is not sent to the Finance Department.

The Finance Department issues a check to the Desert Conservation Plan on a monthly basis. The Financial Department issues the check for the total amount reflected in the general ledger as the outstanding liability. No reconciliation is completed against the Summary report generated by the Director of the Building Department or against the DCP Forms. No written procedures exist for the Finance Department for the reconciliation and remittance of the DCP mitigation fees.

**City of Mesquite**  
**Desert Conservation Program**  
**FINDING AND RECOMMENDATIONS:**

**Development Application and Fee Assessment**

• **Finding # 1:**

- ◆ Title 7– Desert Tortoise Habitat Conservation in the Mesquite Building and Development Code requires all applicants for development permits to pay a mitigation fee of \$ 550 per gross acre except as provided in Section 7-2-14(A-E). Section 7-2-14(E) states:

- Development of property for which mitigation have been provided pursuant to a Section 7 consultation pursuant to the Federal Endangered Species Act shall be allowed to credit mitigation fees paid to the Federal government against the total amount of the fees required by this chapter. (Ord. 144 7-25-95)

The City of Mesquite is calculating the mitigation fees for property previously required to pay a Section 7 Mitigation Fees, on a “net” fee basis. The City has generated a map depicting the “Net” fees per acre for property previously required to pay a Section 7 Mitigation Fee and Mesquite is collecting the correct mitigation fee. The reporting process to the Desert Conservation Plan does not account for the gross and net fees submitted to the DCP.

**Recommendation:**

- ◆ We recommend that the reporting process include the reporting of the gross and net fees collected.

• **Finding # 2:**

Title 7, Section 7-2-7 in the Mesquite Building and Development Code requires specific calculations of the Mitigation Fees for Lots of Two Gross Acres or Greater where less than the entire parcel is to be disturbed. Section 7-2-7 states:

- For single-family residential development and manufactured housing on lots two (2) gross acres in size or greater where less than one-quarter ( $\frac{1}{4}$ ) of an acre of the property is graded or otherwise disturbed, with the balance of the property left in its natural condition, the mitigation fee shall be one hundred thirty seven dollars fifty cents (\$137.50). Where more than one-quarter ( $\frac{1}{4}$ ) but less than one-half ( $\frac{1}{2}$ ) acre is graded or otherwise

disturbed, and the balance of the property left in its natural condition, the mitigation fee shall be one hundred thirty seven dollars fifty cents (\$137.50). Where more than one-quarter ( $\frac{1}{4}$ ) but less than one-half ( $\frac{1}{2}$ ) acre is graded or otherwise disturbed, and the balance of the property is left in its natural condition, the mitigation fee shall be two hundred seventy five dollars (\$275.00). The mitigation fee where more than one-half ( $\frac{1}{2}$ ) acre is graded or otherwise disturbed shall be five hundred fifty dollars (\$550.00) per acre for each acre graded or otherwise disturbed. (Ord. 144, 7-25-95)

The City of Mesquite has been assessing the mitigation fee on gross acres disturbed without regards to the provisions in Title 7, Section 7-2-7 in the Mesquite Building and Development Code.

**Recommendation:**

- ◆ We recommend that the mitigation fee be assessed based on the provisions set forth in Title 7, Section 7-2-7 in the Mesquite Building and Development Code.

- **Finding # 3:**

Title 7, Section 7-2-8 in the Mesquite Building and Development Code requires specific calculations of the Mitigation Fees applicable to Off-Premise Signs and Communication Towers where less than the entire parcel is to be disturbed. Section 7-2-8 states:

- The mitigation fee for freestanding off-premises signs, communication towers and similar structures that are unoccupied except for maintenance and where less than one-quarter ( $\frac{1}{4}$ ) of an acre of the property is graded or otherwise disturbed shall be one hundred thirty seven dollars fifty cents (\$137.50). Where more than one-quarter ( $\frac{1}{4}$ ) but less than one-half ( $\frac{1}{2}$ ) acre is graded or otherwise disturbed the mitigation fee shall be two hundred seventy five dollars (\$275.00). The mitigation fee where more than one-half ( $\frac{1}{2}$ ) acre is graded or otherwise disturbed by the construction of a freestanding off-premises sign or communication tower shall be five hundred fifty dollars (\$550.00) per acre for each acre graded or otherwise disturbed. (Ord. 144, 7-25-95)

The City of Mesquite has been assessing the mitigation fee on gross acres disturbed without regards to the provisions in Title 7, Section 7-2-8 in the Mesquite Building and Development Code.

**Recommendation:**

- ◆ We recommend that the mitigation fee be assessed based on the provisions set forth in Title 7, Section 7-2-8 in the Mesquite Building and Development Code.

• **Finding # 4:**

No written procedures exist for any division of the Building Department, Director of Building or the Building Plan Checker for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend the City of Mesquite to implement written procedures the Building Department, Director of Building and the Building Plan Checker for the assessment of the mitigation fees. The Procedures should incorporate a copy of the Mesquite Building and Development Code Chapter Title 7 – (Desert Tortoise Habitat Conservation).

• **Finding # 5:**

A numerically sequenced DCP Identification Number is not currently assigned to the DCP Form. No procedures have been implemented to account for missing Forms or to investigate and document any variances.

**Recommendation:**

- ◆ We recommend that procedures be implemented to assign a sequential numbering system to the DCP Forms. A log should be maintained and the log should be reconciled to Forms transmitted to the Desert Conservation Plan on a monthly basis. Any variances between the log and the Forms transmitted to the Desert Conservation Plan should be documented.

**Mitigation Fee Collection and General Ledger Posting**

• **Finding # 6:**

The Cashier is not required to check the mitigation fee calculation. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees to the general ledger.

### **Recommendations:**

- ◆ We recommend the City of Mesquite implement written procedures for the Cashiers for the collection of the mitigation fees and the posting of the DCP mitigation fees to the general ledger. A procedure to check the mitigation fee calculation should be included in the procedures.

- **Finding # 7:**

Mesquite Building and Development Code Section Title 7, Section 7-2-12 requires all applicants for development permits that are required to submit land disturbance report shall pay processing fees to the City Building Department of twenty-five (\$25.00) per residential development permit and fifty (\$50.00) per commercial development permit. (Ord. 144, 7-25-95)

### **Recommendations:**

- ◆ We recommend that the processing fee be assessed based on the provisions set forth in Mesquite Building and Development Code Title 7, Section 7-2-12.

### **Mitigation Fee Reconciliation and Remittance**

- **Finding # 8:**

On a monthly basis, the Director of the Building Department completes a Desert Conservation Plan Compliance Report Month-End Summary (Summary - Exhibit B) which includes the month the mitigation fees were collected, total number of acres disturbed, total exempt development acreage, and the total mitigation fees collected. A detailed report listing the individual DCP forms and information separately is not prepared as part of this process. A copy of the Summary is not sent to the Finance Department.

### **Recommendations:**

- ◆ We recommend the City of Mesquite implement a procedure for the Director of the Building Department to prepare a detailed report listing the individual DCP forms and information separately as part of the process of preparing the Desert Conservation Plan Compliance Report Month-End Summary. This detailed report and Summary should be distributed to the Finance Department for reconciliation to the general ledger account before submitting of the monthly check to the Desert Conservation Plan.

- **Finding # 9:**

In connection with testing the mitigation fees collected, we were informed that it is the City of Mesquite policy to retain financial records for a minimum of three fiscal years. However, the DCP forms and Desert Conservation Plan Compliance Report Month-End Summaries were not available for the three year period.

**Recommendation:**

The Federal "Incidental Take Permit PRT 801045, Multiple Species Habitat Conservation Plan and Environmental Impact Statement require independent audits of compliance with the provisions of the Permit and implementation of the Desert Conservation Plan by each jurisdiction up to every (4) years. We recommend that the City of Mesquite retain appropriate records to satisfy this recurring independent compliance audit.

# **Desert Conservation Program Boulder City System Narrative**

## **Mitigation Fee Assessment:**

The Boulder City Building Department issues development permits for on-site or off-site development of a parcel of land which has not previously been improved in accordance with applicable city ordinances, including, but not limited to, building permits and grading permits for construction activities. Chapter 43 of the Boulder City ordinances addresses the City's requirements to comply with the terms of the implementation agreement of the Clark County Multiple Species Habitat Conservation Plan. The ordinances require all applicants for development permits, prior to issuance thereof; complete a land disturbance report on the forms furnished by the Boulder city community development department. The ordinances further requires applicants for development permits to pay a mitigation fee of \$ 550 per gross acre located within the parcel to be developed as well as the area disturbed by related off-site improvements.

No development permits are to be issued or approved without the payment of the mitigation fees. During the audit period only applications for development permits that the Desert Conservation Plan (DCP) Fees were assessed required the DCP form to be completed.

The three part Desert Conservation Plan Form (DCP Form - Exhibit A) is completed by the City Planner from the information supplied by the applicant. A log with sequential DCP Identification Numbers is maintained by the City Planner. The City Planner determines the specific location of the property within the City limits and researches the property's permit file to determine if the property is subject to or exempt from the mitigation fee as defined by the ordinances.

Fees are calculated based on the Gross Acreage from Engineering Plans submitted with each application.

The City of Boulder City does not charge the DCP mitigation fees for any city constructed public works projects, however contractors of Subdivision projects are charged for the total acreage of all subdivision acreage including acreage for public streets within the subdivision.

The City of Boulder City has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

Administrative fees of \$25 per residential development permit and \$50 per commercial development permit are collected by Boulder City. The city charges the administrative fees only if the property being developed has current DCP mitigation fees due. If the property is found to have previously paid, or is exempt from payment, no DCP form is completed and the administrative fees are not collected.

The completed DCP Form and permit application are filed and maintained by the Building Department in two locations. A copy of all DCP forms is maintained with a copy of the monthly DCP Compliance Report Month-End Summary (Described below). The yellow copy of the original DCP form is retained in the permanent file for each property disturbed.

### **Mitigation Fee Collection and General Ledger Posting:**

Once the Permit is approved, the building department has the applicant take the completed permit package to the Utility Cashier. The Utility Cashier collects the permit fees including the DCP mitigation fee from the applicant. The Utility Cashier initials and marks the permit application paid and the applicant returns to the Building Department to obtain the permits. The Cashier enters all permit fees including the mitigation fee collected in the accounting system by the applicable fee category. The pink copy of the three part form is given to the applicant. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees.

### **Mitigation Fee Reconciliation and Remittance:**

The Department Secretary completes a Desert Conservation Plan Compliance Report Month-End Summary (Summary - Exhibit B) which includes the month the mitigation fees were collected, total number of acres disturbed, total exempt development acreage, and the total mitigation fees collected. A detailed report listing each DCP forms' information is prepared and attached to the Summary. The permit number is listed on the Summary; however the DCP Identification Number is not. The summary was completed on a monthly basis during the audit period, but currently is completed on a quarterly basis. The Summary with the white copies of the Forms is sent to the Clark County Desert Conservation Program. A copy of the Summary is currently sent to the Finance Department, but this procedure has only been in place since January 2004.

A cumulative report of acreage subject to mitigation fees and exempt acreage is currently maintained by the Department Secretary, but records of exempt acreage have only been kept since January 2004.

Reconciliation is completed by the Finance Department between the Summary report generated by the Department Secretary and the total amount reflected in the general ledger as the outstanding liability. Any discrepancies are researched by the Finance Department and the Department Secretary. The Finance Department issues the check to the Desert Conservation Plan for the reconciled amount. The checks were issued on a monthly basis during the audit period, but currently are issued on a quarterly basis. No written procedures exist for the Finance Department for the reconciliation and remittance of the DCP mitigation fees. No procedures exist for the reporting or processing of refunds of mitigation fees.

There is no reconciliation of the Log of DCP Forms maintained by the City Planner and the detailed summary of DCP forms attached to the Desert Conservation Plan Compliance Report Month-End Summary prepared by the Department Secretary.

**Boulder City**  
**Desert Conservation Program**  
**FINDING AND RECOMMENDATIONS:**

**Mitigation Fee Assessment:**

- **Findings # 1:**

Procedures are followed; however, no written procedures exist for any division of the Boulder City Building Department or the City Planner for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend Boulder City implement written procedures for the Building Department and the City Planner for the assessment of the mitigation fees. The Procedures should incorporate a copy of the City Ordinance Chapter 43 – (Multiple Species Habitat Conservation).

- **Findings # 2:**

Chapter 43 (Multiple Species Habitat Conservation) of the Boulder City Ordinances requires all applicants for development permits, prior to issuance thereof, complete a land disturbance report on the forms furnished by the Boulder City development department. Furthermore, all applicants for development permits that are required to submit a land disturbance report shall pay processing fees of twenty five dollars (\$25) per residential development permit and fifty (\$50) per commercial development permits.

Boulder City currently charges the processing fee to those applicants required to pay the mitigation fees, not all of the applicants for development permits.

**Recommendation:**

- ◆ Boulder City charge the processing fees to all of the applicants for development permits not only those required to pay the mitigation fees.

### **Mitigation Fee Collection and General Ledger Posting:**

- **Finding # 3:**

The Cashier is not required to check the mitigation fee calculation. No written procedures exist for the cashiers regarding the collection or posting of the DCP mitigation fees to the general ledger.

#### **Recommendations:**

- ◆ We recommend the Boulder City implement written procedures for the Cashiers for the collection of the mitigation fees and the posting of the DCP mitigation fees to the general ledger. A procedure to check the mitigation fee calculation should be included in the procedures.

### **Mitigation Fee Reconciliation and Remittance:**

- **Finding # 4:**

A log with sequential DCP Identification Numbers is maintained by the City Planner. The Department Secretary completes a Desert Conservation Plan Compliance Report Month-End Summary including a detailed report listing each DCP forms' information. The permit number is listed on the detailed report; however the DCP Identification Number is not. There is no reconciliation of the Log of DCP Forms maintained by the City Planner and the detailed summary of DCP forms attached to the Desert Conservation Plan Compliance Report Month-End Summary prepared by the Department Secretary. No procedures have been implemented to account for missing Forms or to investigate and document any variances.

The summary was completed on a monthly basis during the audit period, but currently is completed on a quarterly basis.

#### **Recommendations:**

- ◆ We recommend the detailed report listing prepared by the Department Secretary include the DCP Identification Numbers. Reconciliation between the log prepared by the City Planner and the detailed report listing should also be implemented. Any missing Forms should be investigated and documented.
- ◆ The detailed summary listing attached to the Desert Conservation Plan Compliance Report Month-End Summary should be prepared monthly versus quarterly. This is a requirement of the Desert Conservation Program Implementation Plan.

- **Findings # 5:**

Procedures are followed but no written procedures exist for the Finance Department for the reconciliation and remittance of the DCP mitigation fees.

**Recommendation:**

- ◆ Written procedures should be drafted for the Finance Department for the reconciliation and remittance of the DCP mitigation fees.

# Clark County Desert Conservation Program City of North Las Vegas

## System Narrative

### Mitigation Fee Assessment:

In order to apply for a development permit for a commercial development, a residential subdivision, or an owner/builder private residence, the applicant must first submit the development plans to the North Las Vegas Department of Public Works for approval. Prior to plan approval the applicant completes the top portion of the Land Disturbance Form (DCP Form - Exhibit A) and submits it to the Public Works Department. Historical property permit information is reviewed by the Project Leader to determine if the property has had previous grading or building permits issued. The historic data indicates the prior permit information and whether the DCP fees have been previously assessed. The Project Leader also verifies the amount of disturbed acres by reviewing the final map and civil improvement plans. The OA/SOA (Office Assistant/Senior Office Assistant) calculates the mitigation fee and records it on the Form. Each application is assigned a project number, which also functions as the DCP Identification Number recorded on the Land Disturbance Report.

The City of North Las Vegas does not charge the DCP mitigation fees for any city constructed public works projects, however contractors of Subdivision projects are charged for the total acreage of all subdivision acreage including acreage for public streets within the subdivision.

The City of North Las Vegas has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

Administrative fees are collected by the City of North Las Vegas. All applicants for development permits that are required to submit a land disturbance report pay administrative fees of twenty-five dollars (\$25.00) per residential development permit and fifty dollars (\$50.00) per commercial development permit.

No written procedures exist for the Project Leader or the OA/SOA for the assessment of the DCP mitigation fees.

### **Mitigation fee collection and general ledger posting:**

North Las Vegas uses a point-of-sale cash register system with customized screens including system generated general ledger interface. When the cashier collects the mitigation fee from the applicant, a system generated two parts receipt is issued. The applicant is given the original copy. The cashier records the receipt number and DCP Identification Number on the Form. The applicant receives the pink copy of the Form. The yellow copy of the Form and duplicate receipt are filed in the applicant's project file kept in the Public Works Department. The OA/SOA receives the original white copy of the Form and copy of the receipt.

### **Mitigation fee reconciliation and remittance:**

On a monthly basis the OA/SOA records separate mitigation fees collected during the month on a cumulative Tortoise Fee Spreadsheet (Spreadsheet). This Spreadsheet aggregates the mitigation fees collected since inception of the Desert conservation Plan, mitigation fees collected for the month, and the acres disturbed by project and cumulatively for all projects since the Plans' inception. Written procedures are in place for the OA/SOA to reconcile the monthly totals from the Spreadsheet to the mitigation fee liability general ledger account and investigate and resolve any differences. The OA/SOA completes a Clark County Desert Conservation Plan Compliance Report-Month End Summary (Exhibit B), which summarizes the mitigation fees collected for the month and transmits it together with the original white copies of the Land Disturbance Forms to the Clark County Desert Conservation Plan.

On a monthly basis Finance processes a disbursement request for the balance in the general ledger liability account. The Finance Department completes a transmittal letter to Clark County summarizing the amount of the current remittance and the total mitigation fees collected from inception of the Desert Conservation Plan. When all is reconciled, the OA/SOA submits the original white copies to the Desert Conservation Plan.

**North Las Vegas  
Desert Conservation Program  
FINDING AND RECOMMENDATIONS:**

**Mitigation Fee Assessment:**

• **Findings # 1:**

Procedures appear to be followed; however, no written procedures exist for any division of the North Las Vegas Public Works Department, Project Leaders or the OA/SOA for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend North Las Vegas implement written procedures for the assessment of the mitigation fees. The Procedures should incorporate a copy of the North Las Vegas Municipal Code Chapter 15.44 (Multiple Species Habitat Conservation Plan)

• **Findings # 2:**

The City of North Las Vegas is the only municipality that retains a running schedule of the mitigation fees and acreages subject to the mitigation fees since inception of the plan. On a monthly basis the OA/SOA records separate mitigation fees collected during the month on a cumulative Tortoise Fee Spreadsheet. This spreadsheet aggregates the mitigation fees collected since inception of the Desert Conservation Plan and the acres disturbed by project and cumulatively for all projects since the Plans' inception. The mitigation fees since inception and the acres disturbed since inception have no correlation. The acreage disturbed since inception is grossly overstated.

The spread sheet does not retain the cumulative exempt acreage reported each month to the Desert Conservation Plan.

**Recommendations:**

- ◆ Prior reports should be reviewed to determine the correct amount of acreage disturbed since inception of the plan.
- ◆ The cumulative Tortoise Fee Spreadsheet should be modified to record the cumulative exempt acreage.

# Clark County Desert Conservation Program

## City of Las Vegas

### System Narrative

#### Mitigation Fee Assessment:

Developers of land and private owner/builders of custom homes are required to apply for a Development Permit through the Development Services Office of the City of Las Vegas. All applications for development permits that will result in the disturbance of the land require that the DCP form to be filled out. The applicant is required to complete the middle portion (Property Site Description Section) of the three part Desert Conservation Plan Land Disturbance/Mitigation Fee Form (DCP Form - Exhibit A).

The forms are presented to a Permit Technician (Tech) for completion. The Tech researches the property for determination of whether the property is subject to the mitigation fees. The Tech researches the property for previous fees paid and attaches a copy of the grading permit and/or old DCP form as evidence of previous payment. The Tech determines if the property was developed or improved before August 1991 or if the property is exempt as defined by Las Vegas Municipal Code Section 18.30.04.

Once the property is determined to be subject to the mitigation fee, the Tech calculates and records the mitigation fee on the Form. The acreage listed per the applicant is used for calculation of the fee. The acreage is not verified. The Tech assigns a numerically sequenced DCP Identification Number to the form and maintains a log with the DCP number, Date, Project Number, and acreage.

Administrative fees are collected by the City of Las Vegas. All applicants for development permits that are required to submit a land disturbance report pay administrative fees of twenty-five dollars (\$25.00) per residential development permit and fifty dollars (\$50.00) per commercial development permit.

The City of Las Vegas has no formal procedures in place to address refunds of mitigation fees. Any refund requests are handled on a case by case basis. Reporting of refunds and the subsequent adjustments to the acreage reports to the Desert Conservation Program is reported on the Desert Conservation Plan Compliance Report Month End Summary in the month the refund is paid.

The completed Form and Development permit applications are scanned into an imaging system maintained by Records Department of the City of Las Vegas.

### **Mitigation Fee Collection and general ledger posting:**

Once the Development Permit is approved, the Cashier collects the mitigation fee from the applicant. The Cashier stamps the Form as PAID, enters the receipt number and their initials on the Form. The Cashier issues a system generated General Receipt to the applicant for all fees collected and records the General Receipt number on the Form. The Cashier enters the mitigation fee collected in the system by the General Receipts category. The mitigation fees are interfaced by individual transaction to the general ledger with the General Receipts Number as a reference. The three parts (copies) to the forms are distributed to the applicant (pink), Finance Department (yellow) and the Administrative Department (white). An additional copy is kept and filed with the Development permit.

### **Mitigation fee reconciliation and remittance:**

On a monthly basis, the Office Specialist II in the Development Services Administrative Office (OS II) recalculates the mitigation fee on each Form to determine any variances. OS II completes a Desert Conservation Plan Compliance Report Month End Summary (Summary- Exhibit B) which includes the date the mitigation fees was collected, the DCP Number, number of acres disturbed, and the amount collected. The Summary with the white copies of the Forms is sent to the Clark County Desert Conservation Program. A copy of the Summary is also sent to the Finance Department. OS II does not reconcile the total fees per the Summary with the fees actually remitted by Finance to the Clark County Desert Conservation Program.

The Finance Department received the yellow copies of the Form on a monthly basis. The Financial Analyst prepares an Interim Mitigation Fee Schedule (Schedule) which includes the date the mitigation fees were collected, the applicant name, the development location and the amount collected. The Schedule prepared by the Finance Department does not include or reconcile the amount of acres disturbed on the Summary Report prepared by the OS II. The Finance Analyst reconciles the amounts on the Schedule to the Summary received from the OS II, and resolves any differences with the Administrative Department. The Financial Analyst compares the total mitigation fees on his reconciled Schedule to the balance recorded in the mitigation fee liability general ledger account at month end and investigates and resolves any differences. The Financial Department forwards a copy of the Schedule with a request for disbursement to the accounts payable department for remittance of the Mitigation Fees to the Clark County Desert Conservation Program.

**City of Las Vegas**  
**Desert Conservation Program**  
**FINDING AND RECOMMENDATIONS:**

**Mitigation Fee Assessment:**

• **Findings # 1:**

Procedures appear to be followed; however, no written procedures exist for any division of the Las Vegas Development Services Office for the assessment of the mitigation fees.

**Recommendation:**

- ◆ We recommend the City of Las Vegas implement written procedures for the assessment of the mitigation fees for the Development Services Office. The Procedures should incorporate a copy of the City of Las Vegas Municipal Code Chapter 18 (Multiple Species Habitat Conservation)

• **Findings # 2:**

Once property is determined to be subject to the mitigation fee, the Permit Technician calculates the mitigation fee using the acreage reported by the applicant/developer. There is no procedure to verify the accuracy of the acreage.

**Recommendation:**

- ◆ We recommend the City of Las Vegas implement a procedure to verify the acreage reported by the applicant against either the engineering plans submitted with the application or the Geological Information System (GIS) from the Clark County Assessors office.

**Mitigation Fee Reconciliation and Remittance:**

• **Finding #3 :**

A log with sequential DCP Identification Numbers is maintained by the Permit Technicians. The Office Specialist II completes a Desert Conservation Plan Compliance Report Month-End Summary including a detailed report listing each DCP forms' information. There is no reconciliation of the Log of DCP Forms and the detailed summary of DCP forms attached to the Desert Conservation Plan Compliance Report Month-End Summary. No procedures have been implemented to account for missing Forms or to investigate and document any variances.

**Recommendations:**

- ◆ We recommend reconciliation between the log and the detailed report listing should also be implemented. The Office Specialist II should obtain a copy of the log on a monthly basis and reconcile the Forms transmitted to Clark County to the log. Any missing Forms should be investigated and documented.

- **Findings # 4**

The financial analyst prepares an Interim Mitigation Fee Schedule and the Office Specialist II prepares a supporting schedule attached to the Desert Conservation Plan Compliance Report Month End Summary. The preparation of these schedules is a duplication of efforts.

**Recommendations:**

- ◆ We recommend the City of Las Vegas review these functions to develop a more efficient procedure to eliminate duplication of efforts.

**Desert Conservation Program  
FINDING AND RECOMMENDATIONS:  
General Recommendations**

**Mitigation Fee Assessment:**

• **Findings # 1**

The mitigation fee assessments are based on the land disturbance acreages. Those municipalities that attempt to verify the acreage use various sources for verification. Municipalities use GIS (Geological Information System) from the Clark County Assessor Office, Preliminary Maps, Final Maps, and Engineering Plans.

**Recommendation:**

- ◆ The Desert Conservation Plan should identify the viable verification sources for the acreage. The verification sources should be prioritized as to the best sources for verification, and the participants should amend their procedures to use the best source available for verification of acreage for assessment of the fees.

• **Findings # 2**

The Clark County Multiple Species Habitat Conservation Plan and Environmental Impact Statement limit the total number of acres subject to the mitigation fees to 145,000 acres. The individual municipalities are reporting acreage on a monthly basis to the plan, but only a few keep a cumulative acreage subject to the mitigation fees since inception. The Desert Conservation Plan Administrative Office keeps a cumulative acreage report based on the monthly reporting, but no reconciliation is done against the participants' records.

**Recommendation:**

- ◆ The recommendation is to amend the Compliance Report Month End Summaries to report the cumulative acreage assessed the mitigation fees and the total mitigation fees collected since inception. This will allow the DCP Plan Administrator to reconcile the internal report to each participants report.

- **Findings # 3**

The Desert Conservation Plan has an exemption for governmental use property. Many municipalities consider public road to be government use property, and thus have not charged contractors the mitigation fees on road projects. Government use property (exempt) is reportable to the Desert Conservation Plan. The Compliance Report Month End Summaries were recently amended to report "Exempt Development Acreage". Exempt acreage before the amended report was only reported by a few municipalities.

**Recommendation:**

- ◆ The recommendation is to request from each participant the exempt acreage for all months not reported to the Desert Conservation Plan since inception of the plan.
- ◆ The recommendation is to issue a clarification to the various municipalities defining the "government use" property with the specifics of whether public road projects do or do not qualify for the exemption.

- **Finding # 4**

The plan allows the mitigation fee to be reduced for any development which the developer has previously paid mitigation related fees pursuant to a consultation under Section 7 of the Federal Endangered Species Act. The mitigation fee can be reduced by the amount of any Section 7 fees actually paid to the Federal Land Manager or to any other entity in Clark County as designated by the Federal Government for the collection of Section 7 fees. The municipalities have incorporated the above language into City Ordinances. Few municipalities' employees were aware of the possible reduction in the mitigation fees for Section 7 fees or how to research properties that may have actually paid Section 7 fees to the federal government.

**Recommendation:**

- ◆ The recommendation is to have the Desert Conservation Plan issue an explanation of Section 7 of the Federal Endangered Species Act and guidance as how to research properties that may have actually paid Section 7 fees to the federal government.

- **Finding # 5**

The municipalities have no formal procedures in place to address refunds of mitigation fees. In most cases the municipalities' refund requests are handled on a case by case basis. No procedures exist for the reporting of refunds or the subsequent adjustments to the acreage reports to the Desert Conservation Program.

**Recommendation:**

- ◆ The Desert Conservation Plan should establish procedures for the application of refunds of mitigation fees. The plan should address if approval is required by the DCP before payment of any refunds. The procedures should include the method to report the acreage adjustments for refunds to the acreage reports.