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Office of the City Manager

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Jack D. Lewis

City Clerk /

Administrative Services Director

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**Community Planning & Development
Administrator**

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**COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION**

July 13, 2018

Dianne E. Ray, CPA

State Auditor

Colorado Office of the State Auditor

1525 Sherman St., 7th Floor

Denver, Colorado 80203

Dear Auditor Ray:

In response to your request, we have prepared the revised attached status report on the implementation status of audit recommendations contained in the Gaming Cities' Use of State Historical Fund Distributions performance audit, released in December 2017. The revised status report provides a brief explanation of the actions taken by the City of Black Hawk to implement each of the recommendations made to the City. The City's original response is also attached to this correspondence.

What follows are responses to the questions received from the State Auditor's Office on the questions not specifically applicable to the recommendations in the Audit. More specifically, one of the comments in the City's original status report, a comment by Jenny Page, asked the following question:

"Would the city please explain the role and purpose of the Commission now that the program has been discontinued."

The City's answer is as follows. Please note that only the historic preservation commissions of the three (3) gaming cities are subject to the requirements of C.R.S. § 12-47.1-1202(3)(a.5) regarding historic preservation commission review and recommendation on grant awards from moneys received through the state historical fund.

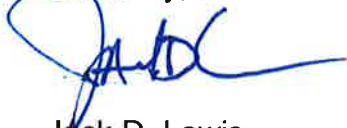
Thus, the role and purpose of the City's historic preservation commission (the "HPC") will be the same role and purpose as historic preservation

State Auditor Letter
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commissions state-wide, meeting the minimum requirements of 36 C.F.R. §61.6(e). In this regard, City will also continue to meet the Certified Local Government ("CLG") qualification requirements of the State of Colorado, which are found in the Colorado Certified Local Government Handbook (the "Handbook").

The Handbook requires a local preservation ordinance that establishes an HPC, and contains criteria for designating and protecting local historic buildings and sites. Consistent with the City's ordinance, the HPC will continue to make recommendations regarding certificates of appropriateness ("COAs") for applications or permits for the erection, moving, demolition, alteration or addition to, or the external construction or external restoration of a locally designated historic landmarks. In addition, the HPC will continue to consider applications for the designation of new locally designated historic designations.

Sincerely,



Jack D. Lewis
City Manager

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AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME	Gaming Cities' Use of State Historical Fund Distributions Performance Audit
AUDIT NUMBER	1682P
AUDITEE	City of Black Hawk
DATE OF STATUS REPORT	July 13, 2018

SECTION I: SUMMARY

REC. NUMBER	AGENCY'S RESPONSE	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION STATUS	CURRENT IMPLEMENTATION DATE
1A	Partially Agree	December 2019	No longer applicable	12/13/17
1B	Partially Agree	December 2019	No longer applicable	12/13/17
1C	Partially Agree	December 2019	No longer applicable	12/13/17
1D	Agree	December 2019	No longer applicable	12/13/17
1E	Partially Agree	December 2019	No longer applicable	12/13/17

SECTION II: NARRATIVE DETAIL

RECOMMENDATION 1A

The City of Black Hawk should improve its processes and internal controls over the house rehabilitation programs to ensure compliance with statutory requirements and the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (Standards) by:

- A. Revising the *Community Restoration and Preservation Guide to Programs* to require that a house's historic features, finishes, spaces, and design elements be preserved, repaired, and rehabilitated whenever possible, as opposed to replaced.

CURRENT IMPLEMENTATION STATUS	No longer applicable	CURRENT IMPLEMENTATION DATE	12/13/17
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CITY'S UPDATE

The City has determined to discontinue the current grant and easement program in its entirety. More specifically, the program referenced in the Audit as the "Community Restoration and Preservation Guide to Programs" as funded by the revenues received by the City as distributed by the State Historical Fund pursuant to Article XVIII, section 9(5)(b)(III) of the Colorado Constitution has been discontinued effective December 13, 2017. At the time the program was discontinued, the City was in receipt of two applications. The applicants were notified of City's decision to discontinue the current program. Additionally, two projects that were in progress at the time of the discontinuation have been completed. Thus, this recommendation is no longer applicable.

RECOMMENDATION 1B

The City of Black Hawk should improve its processes and internal controls over the house rehabilitation programs to ensure compliance with statutory requirements and the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (Standards) by:

- B. Implementing a policy requiring staff to document the reason for any replacement or demolition of historic features in house rehabilitation plans and obtaining approval of such changes from a historic preservation consultant. Such policy should also provide guidance on when it is acceptable to diverge from the Standards.

CURRENT IMPLEMENTATION STATUS	No longer applicable	CURRENT IMPLEMENTATION DATE	12/13/17
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CITY'S UPDATE

The City has determined to discontinue the current grant and easement program in its entirety. More specifically, the program referenced in the Audit as the "Community Restoration and Preservation Guide to Programs" as funded by the revenues received by the City as distributed by the State Historical Fund pursuant to Article XVIII, section 9(5)(b)(III) of the Colorado Constitution has been discontinued effective December 13, 2017. Thus, this recommendation is no longer applicable.

RECOMMENDATION 1C

The City of Black Hawk should improve its processes and internal controls over the house rehabilitation programs to ensure compliance with statutory requirements and the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (Standards) by:

- C. Implementing a policy requiring complete documented assessments of the historic character and elements of each house interior prior to designing the rehabilitation, and consulting with a professional historic preservation consultant or similar professional to ensure all elements of interior rehabilitations preserve and retain the house's historic character in compliance with the Standards and National Park Service guidance for interpreting and applying the Standards, before rehabilitation projects are approved.

CURRENT IMPLEMENTATION STATUS	No longer applicable	CURRENT IMPLEMENTATION DATE	12/13/17
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CITY'S UPDATE

The City has determined to discontinue the current grant and easement program in its entirety. More specifically, the program referenced in the Audit as the "Community Restoration and Preservation Guide to Programs" as funded by the revenues received by the City as distributed by the State Historical Fund pursuant to Article XVIII, section 9(5)(b)(III) of the Colorado Constitution has been discontinued effective December 13, 2017. Thus, this recommendation is no longer applicable.

RECOMMENDATION 1D			
<p>The City of Black Hawk should improve its processes and internal controls over the house rehabilitation programs to ensure compliance with statutory requirements and the Secretary of the Interior's <i>Standards for the Treatment of Historic Properties</i> (Standards) by:</p> <p>D. Requiring the Historic Preservation Commission to review and discuss the interior rehabilitation grants and plans for compliance with the Standards before the projects are recommended to the City Council.</p>			
CURRENT IMPLEMENTATION STATUS	No longer applicable	CURRENT IMPLEMENTATION DATE	12/13/17
CITY'S UPDATE			
<p><i>The City has determined to discontinue the current grant and easement program in its entirety. More specifically, the program referenced in the Audit as the "Community Restoration and Preservation Guide to Programs" as funded by the revenues received by the City as distributed by the State Historical Fund pursuant to Article XVIII, section 9(5)(b)(III) of the Colorado Constitution has been discontinued effective December 13, 2017. Thus, this recommendation is no longer applicable.</i></p>			

RECOMMENDATION 1E			
<p>The City of Black Hawk should improve its processes and internal controls over the house rehabilitation programs to ensure compliance with statutory requirements and the Secretary of the Interior's <i>Standards for the Treatment of Historic Properties</i> (Standards) by:</p> <p>E. Implementing a process for a historic preservation or similar professional to conduct follow up reviews during each project to ensure the rehabilitation work is conducted according to the Standards.</p>			
CURRENT IMPLEMENTATION STATUS	No longer applicable	CURRENT IMPLEMENTATION DATE	12/13/17
CITY'S UPDATE			
<p><i>The City has determined to discontinue the current grant and easement program in its entirety. More specifically, the program referenced in the Audit as the "Community Restoration and Preservation Guide to Programs" as funded by the revenues received by the City as distributed by the State Historical Fund pursuant to Article XVIII, section 9(5)(b)(III) of the Colorado Constitution has been discontinued effective December 13, 2017. Thus, this recommendation is no longer applicable. Even though the City has determined to discontinue the Program, it nonetheless went through an extensive Request for Qualifications ("RFQ") process, and has selected a historic preservation consultant to both advise the City's Historic Preservation Commission, and to advise the City Council and staff on historic preservation issues on an ongoing basis. With the assistance from our new preservation consultant, "Certificate of Appropriateness Deviation Reviews" were performed upon completion of the two projects that were in progress at the time the Program was discontinued.</i></p>			



May 25, 2018

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, Colorado 80203

Dear Auditor Ray:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the Gaming Cities' Use of State Historical Fund Distributions performance audit, released in December 2017. The status report provides a brief explanation of the actions taken by the City of Cripple Creek to implement each of the recommendations made to the City.

If you have any questions about this status report and the City of Cripple Creek's efforts to implement the audit recommendations, please contact Paul Harris, Finance Director at (719) 689-2502 or finance@cripple-creek.co.us.

Sincerely,

Paul Harris
Finance Director

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME	Gaming Cities' Use of State Historical Fund Distributions Performance Audit
AUDIT NUMBER	1682P
AUDITEE	City of Cripple Creek
DATE OF STATUS REPORT	May 25 th , 2018

SECTION I: SUMMARY

REC. NUMBER	AGENCY'S RESPONSE	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION STATUS	CURRENT IMPLEMENTATION DATE (MONTH & YEAR)
2	Agree	January 2018	Implemented	April 2018

SECTION II: NARRATIVE DETAIL

RECOMMENDATION 2

The City of Cripple Creek should improve its historic preservation grant program to ensure compliance with statutory requirements and the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (Standards) by implementing a policy requiring (1) identification of and condition assessments for all historic features of structures for which grants are awarded, (2) documentation of the rationale for replacement or demolition of historic features, and (3) approval of such replacements and demolitions by the Historic Preservation Commission. Such policy should also provide guidance on when it is acceptable to diverge from the Standards.

CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	April 2018
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CITY'S UPDATE

The city's Historic Preservation (H.P.) staff has completely revamped the written process for awarding residential home grants. The changes include: Rather than have all interested parties submit detailed applications, the parties now submit a preliminary letter of interest in an H.P. residential grant to the city staff. City staff (Historic Preservation Director and Planning & Community Development Director) then visit each home, document the historic features, evaluate the requests, and select several homes to complete the final, formal application. With the formal application, homeowners are required to include an assessment that identifies all historic features of the structure and their condition. If any part of the project proposes replacement or demolition of historic features of the property, the rationale for such replacement or demolition must be included in the scope of work and is required to be approved by the Historic Preservation Commission. The selected homes that have successfully completed the initial city staff review/documentation and application are then submitted to the Historic Preservation Commission for review/approval. If approved by the H.P. Commission, the grants go on to the City Council for review/approval in a public meeting. The staff has also implemented a documentation check list for each project.