



New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU: PARKS DROPPED THE BALL AT TROUBLED ATHLETIC CLUB

*Audit Finds Agency Should Have Enforced Concession Agreement to Correct
Problems at Paerdegat Athletic Club*

NEW YORK, NY – An audit released today by City Comptroller John C. Liu found that the Parks Department failed to ensure the correction of serious problems at a Brooklyn athletic club that were identified in an audit released three years ago. The Parks Department gave a private company, Fitmar Management, the concession to manage the Paerdegat Athletic Club in Brooklyn and collect revenue there, but did not enforce the agreement to ensure the company corrected longstanding financial and sanitary problems.

“The Parks Department can and should do more to monitor the operations of its concessionaires, especially when the facility serves our youth,” Comptroller Liu said. “These problems should have been corrected a long time ago.”

The Comptroller’s Office routinely follows up on the subjects of previous audits. The audit released today found the Parks Department and Fitmar Management enacted just two of 22 recommendations from a 2009 audit conducted under then City Comptroller William C. Thompson, Jr.

Troubled Finances

Since 2009 the Parks Department continued to accept questionable financial records from its concessionaire, which underreported its gross receipts for 2011 by at least \$123,369. Fitmar and the Parks Department also failed to take any action on a 2009 recommendation that the company estimate how much revenue was lost to the City from employee theft. In addition, as of February 10, 2012, the company owes the City \$177,736 in unpaid license fees and late charges.

The company did not record or report to the Parks Department revenue from special events. Fitmar could not provide auditors with contracts for all its special events, and stated that special events were not held at the Athletic Club, despite hosting three dance parties there between July and September 2011.

Health Code Violations, Potentially Hazardous Conditions

The Parks Department’s license agreement with the company requires it to maintain the facility in a “first class condition.” The 2009 audit, among “unsafe and unsanitary conditions,” found mushrooms growing out from under the indoor track at the Athletic Club. More recently, the

Department of Health found “evidence of mice or live mice present in the facility’s food and/or non-food areas” during inspections in July and August 2011.

During site visits, auditors observed exposed metal edges in a children’s play area, torn gymnastic mats, and filthy carpeting.

For its licensed children’s programs, Fitmar also did not conduct background checks on all its employees as required by state law.

2012 Audit Recommendations

- The Parks Department should require Fitmar to immediately pay \$177,736 in outstanding license fees and late charges.
- The Parks Department should terminate its agreement with Fitmar.

Response

The Parks Department and Fitmar agreed with most of the audit’s findings. Parks further stated that it informed Fitmar of its intent to re-solicit the concession to run the Paerdegat Athletic Club and required that Fitmar pay the \$177,736 in outstanding fees.

Background

The Parks Department signed a 20-year agreement with Fitmar to run and maintain an athletic facility with two snack bars at Paerdegat Athletic Club on December 11, 2004.

On September 24, 2009, the Comptroller’s office released an audit of the management and oversight of Paerdegat Athletic from 2005 through 2007, which made 22 recommendations. The latest audit was launched in June 2011 to determine whether the Parks Department and Fitmar enacted those recommendations.

Liu credited Deputy Comptroller Tina Kim and the Bureau of Audit for their work on this report. The full audit can be found at www.comptroller.nyc.gov

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