

# MAC Audit Update & Path Forward

05/28/2026



# Top Line Summary

- **Current State:** FLAMI is currently up-to-date with all requirements outlined in the 2011 Management Agreement.
- **Philosophy:** Transitioning from a casual, personality-driven operational model to a process-driven framework that serves the public and protects both the Municipality of Anchorage and the contractor.
- **Oversight/Support:** ERCPR has rebuilt its team, onboarding two new financial/operations staff members and a recreation manager to provide direct, capable support and oversight to FLAMI's General Manager



# Facility & History

- The Harry J. McDonald Memorial Center (MAC) is an MOA-owned facility housing an Olympic ice rink, turf field, and track.
- Managed by Fire Lake Arena Management, Inc. (FLAMI) since 1984.
- Historically, management was overly casual, driven by personality rather than process, contributing to a history of compliance failures, including the current audit period
- The shortcomings of a “hands off” approach were highlighted by compounding issues of staff turnover, the 2018 Earthquake, COVID, and parallel issues at Eagle River/Chugiak Parks and Rec (ERCPR)



# Eagle River/Chugiak Parks and Rec

- Park services are delivered to the residents of Chugiak and Eagle River via the service area model
- A division within the larger Parks and Recreation Department
- During the MAC audit period, ERCPR had separate but related issues concerning purchasing, the use of P-Cards, and overall supervision and management.
- A completely new team is in place; we are in a rebuilding and growth period that has been enthusiastically received by the Chugiak/Eagle River community



# A Different Approach

- A consistent, pragmatic approach focusing on accountability, transparency, and the delivery of services to the public.
- A core philosophy that “process protects”
  - Setting of expectations – contractor and administrator
  - Communication of intent – particularly to the public
  - Index to measure progress
  - Framework to resolve disputes
- Staff is in place to assist and support the MAC in the key areas of operation: Financial, Recreation Programming, and Facility Maintenance



# 2025 MAC Internal Audit Report

- Audit of contract compliance 2021-2025
- Detailed 11 findings of non-compliance/failure to follow contract provisions by contractor
- Three main areas:
  - Financial Reporting & Accountability (1, 2, 3, 4, 6, 7, 8)
  - Governance & Contract Compliance (2, 3, 4, 5, 7, 8, 9)
  - Operations & Asset Management ( 10, 11)



# Financial Reporting & Accountability

**Findings:** The audit identified severe deficiencies in recordkeeping, unapproved budget changes, unauthorized bonuses during net-loss years, improper retainage calculations, and a failure to submit audited financial statements for 2021-2024. Subcontracts over \$10,000 were also executed without ERCPR approval.



# Financial Reporting & Accountability

## Actions:

- Continued bi-weekly oversight meetings between the ERCPR Manager and FLAMI GM
- Monthly financial deliverables continue to adhere to the 20th-of-the-month deadline
- Retainage payments are now strictly calculated at 4% of gross revenue from sales/rentals , documented, and included in the approved 2026 budget
- Year-end bonuses were tabled in 2025; any future incentive payments will require ERCPR approval and a proven net profit.
- FLAMI has completed the 2025 financial audit and completed the backlog of 2021-2024 audits



# Governance and Contract Compliance

**Findings:** Annual budget proposals were submitted late, monthly reports were consistently past due, and vulnerabilities in internal controls led to a police investigation regarding alleged financial misconduct by a former employee.



# Governance and Contract Compliance

## Actions:

- The 2026 budget was submitted and approved on schedule.
- Transparent purchase reconciliation procedures are in place to mitigate internal control vulnerabilities.
  - The bookkeeper is no longer a “spender”
- Expectations are strictly tethered to the management agreement deliverables.



# Operations & Asset Management

**Findings:** Capitalizable assets were not tagged, annual inventories were skipped, and the facility lacked a written preventative maintenance plan or capital improvements plan



# Operations & Asset Management

## Actions:

- FLAMI has created a comprehensive Preventative Maintenance Plan. This formalizes weekly, monthly, quarterly, and annual tasks
- A complete facility inventory has been completed. This will be formalized and delivered to the MOA per the management agreement
- A prioritized capital project list had been submitted to ERCPR.
- An additional MAC facility operator had been hired



# The Path Forward



# New Management Agreement and Board Restructure

- The MOA/ERCPR in the process of completing an RFP for management of the MAC and issuing a new management agreement
- ERCPR has reached out to legal with a list of proposed additions to the new management agreement.
- Simplified and more clearly articulated calendar of deliverables
- Updates to facility resource allocation policies under the larger framework of the Anchorage Ice Sharing Agreement



# New Management Agreement and Board Restructure

- More specific delineation of MOA/Contractor maintenance responsibilities
- Annual updates to Board Bylaws, Organizational Structure, and Position Descriptions.
- More specificity for non-compliance consequences and pathways for dispute resolution
- Last week, ERCPR participated in an Open House for perspective new FLAMI Board Members
- Applicability of AO 2025-91?



# Daily Operations and Interaction

- ERCPR attends monthly Board Meetings
- ERCPR Manager meets bi-weekly with GM
- Other ERCPR staff regularly attend depending on topics
- ERCPR/MAC Staff have collaborated on several new recreation events for the community
- Partnerships with other MOA Departments – ER Library
- Exploring physical changes to enhance program offerings and profitability



# Questions?



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