



Audit of City-Owned Parking Parking Garages and Airport

Report AR-2405
July 10, 2024

City of Tallahassee

Office of the Inspector General

Dennis R. Sutton, Inspector General, CPA, CIA, CIG





Audit of City-Owned Parking

Why We Did This Audit

In July 2021, the Parking Services Division of Customer Operations (Parking Services) took over the management and operations of all City-owned public parking services, including the Tallahassee International Airport (Airport) parking lot, the Kleman Plaza parking garage, the Calhoun Eastside parking garage, and the Cascades parking garage. Previously, the City's Parking Operations program was outsourced to a contractor, Republic Parking Systems. With this significant operational shift, we determined an audit of City-owned parking was appropriate. The objectives of this audit was to determine whether:

- policies and procedures governing the City's parking garages and Airport lot establish adequate internal controls to ensure operational efficiency and fiscal accountability,
- the operations of Parking Services comply with applicable policies and procedures, and
- management is making progress towards its stated goals of increasing cost savings and revenues and improving customer service when it assumed management of and operations for public parking services.

The scope of this audit was to review the management, cashiering, and other operations of City-owned parking garages and the Airport parking lot, collectively referred to as “parking facilities”.

What We Did

To satisfy the audit purpose and objectives, we:

- inquired of management as to the operations, organizational structure, and staffing of the City's parking program;
- gained an understanding of how Customer Operations accounts for the financial activities of Parking Services;
- obtained, reviewed, and analyzed records related to the financial activities of Parking Services;
- identified and reviewed best practices related to the management of municipal and commercial parking programs;
- observed and evaluated access controls, security, and aesthetics of parking facilities; and
- reviewed and evaluated Parking Services internal policies and procedures for adequacy, completeness, and alignment with Citywide administrative policies and procedures.

What We Determined

Our audit procedures identified significant strengths within the division. Specifically, we noted the division is well-organized and staffed for the management and daily operations of the parking facilities, and management implemented appropriate internal controls to mitigate risks associated with the daily operations within City-owned parking garages and Airport parking lots. However, we also noted some areas where improvements should be made to help ensure operational efficiency, proper fiscal accountability, and better alignment of operations with management's stated goals. Specifically, we noted:

- The City does not utilize an enterprise fund to account for the revenues and expenditures of parking services.
- Management has not developed a performance measurement system to evaluate parking at City garages and the Airport since the transition to the current "in-house" management.
- Documentation related to the oversight and governance of parking services, including the cash handling policy and Parking Ambassador job descriptions, could be enhanced to better reflect operations.



Background

The City of Tallahassee owns and operates four off-street parking facilities, the Kleman Plaza and Calhoun Eastside parking garages, the Tallahassee International Airport (Airport) parking lot, and over 250 spaces in the Cascades parking garage. Kleman and Calhoun Eastside parking garages offer 945 and 768 public parking spaces, respectively. The Airport parking lot has approximately 1,630 spaces that are divided between the short-term and long-term lots.

Prior to July 2021, the City outsourced the operation and management of the City-owned parking facilities to an independent contractor, Republic Parking Systems (RPS). Pursuant to applicable contracts, RPS provided labor, supervision, and resources necessary for the operation of the parking facilities. RPS was also responsible for cleaning and maintaining the parking facilities.

After many years of operation of the parking facilities by RPS, City management became concerned RPS was not meeting contract standards. These concerns mainly centered around customer service complaints, facilities' cleanliness, management stability, and loss of revenue.

Due to its concerns, the City engaged Dixon Resources Unlimited (Dixon) in February 2019 to conduct an Operational Needs Assessment of the City's parking program. One of the main points made in Dixon's report on the parking program was that the various aspects of the program, such as contract management, parking project management, garage operations, and customer services, were fragmented across multiple City departments, which caused inefficiencies. The departments included in the different aspects of the parking program included Strategic Innovation, Real Estate Management, and Customer Operations.

Dixon recommended re-evaluating the service standards and requirements of existing contracts, establishing a parking department to consolidate staff and functions from the disparate City departments, and appointing a parking manager who would oversee all aspects of the City's parking program. Following these recommendations, the City internalized the management of all parking facilities within Customer Operations, establishing the Parking Services Division. With this transition, management anticipated cost savings, increased revenue, and enhanced service delivery.

Aligning with Customer Operations' commitment to exceptional customer service, the Parking Services Division introduced teams of Parking Ambassadors (PAs) to oversee the day-to-day operations of City public parking garages and the Airport parking lot. Led by an Administrative Services Manager and Parking Operations Supervisors, these ambassadors are responsible for assisting customers, processing daily transactions, managing monthly customer accounts, and maintaining the condition of parking facilities. This in-house delivery model fosters a more comprehensive ambassadorship, emphasizing citizen engagement rather than relying solely on policing/enforcement.

Observation 1
Accounting for Operations

During our review of the Parking Operations program, we met with Parking Services and Resource Management staff to gain an understanding of how the financial activity of the Parking Operations program was recorded in the City’s records. Based on our audit procedures, we noted parking revenues are recorded in the City’s general fund, while expenses related to the Program are recorded in other funds, including Customer Operations and Facilities Management. This approach to recording the financial activities of the parking program makes it more difficult to efficiently track and manage the financial results of Parking Operations.

As management’s stated goals for the parking program include increased cost savings and revenues, recording the program’s revenues and expenses in a single accounting fund would improve management’s ability to assess the program’s success in achieving those stated goals. A generally accepted mechanism used to account for and record the activities of a program, such as the City’s parking program, is through the use of an enterprise fund. An enterprise fund is typically used to record the financial activities of a program that is intended to generate a profit or recover all or a significant portion of its costs through user fees and charges. Often, these types of programs are referred to as business-type activities. In analyzing financial records for the parking program, the current practice for recording the financial activities of the parking program increases the risk of not properly assigning all parking expenditures to the program. As such, the current accounting treatment for parking operations can impact management’s ability to evaluate whether the program is achieving its stated goals of increased cost savings and revenues.

An enterprise fund should be established and utilized to account for the financial activities of the Parking Program.

The use of an enterprise fund for recording the financial activities of the parking program would allow management to more efficiently evaluate the program’s financial activities. Accordingly, we recommend management establish and utilize an enterprise fund to account for the financial activities of the parking program.

Observation 1
Management’s Action

We appreciate the Auditor's input. The current accounting approach follows generally accepted accounting principles and has been a longstanding practice. We thank the Audit team and will continue with the current approach which successfully meets management's needs.

Completion Date: Complete

Observation 2 Performance Management

Strategic performance measurement systems are essential for organizational management. Monitoring key performance indicators (KPIs) helps management evaluate operational efficiencies, assess customer satisfaction, identify areas for improvement, and guide future decision-making. When the City assumed managerial control of parking facilities' operations, management set goals focused on improved service delivery, cost savings, and increased revenue across all parking areas. Through our audit procedures, we noted that a comprehensive performance management system has not been established to track these goals.

Key performance indicators (KPIs), a type of performance measurement, can provide a focused approach to improving operations, facilitate data-driven decision-making, and direct attention to the most critical areas of operations. Common performance indicators in the parking industry often include parking revenues and expenses, customer complaints, and parking occupancy and turnover rates. While management has identified customer satisfaction and monthly revenue as important metrics, the current means of tracking them are limited. Monthly revenue reports from various parking management systems offer insights into revenue trends for the parking garages and Airport. However, apart from recording customer complaints, other methods to assess customer satisfaction, such as customer surveys, have not been implemented. Additionally, no additional indicators have been established to evaluate the operational performance of parking facilities post-transition to City management.

A comprehensive performance measurement system should be developed that will help management determine if the parking program is meeting its goals.

Establishing a robust system of performance measurement is an important part of effective management practices and helps lead to organizational success. We recommend that Parking Services management develop a comprehensive performance measurement system that will help management determine if the parking program is meeting its goals. Such performance measures should encompass the identified performance indicators but also incorporate other key metrics commonly utilized in parking operations. See Appendix A for a list of common parking program performance measures.



Observation 2

Management's Action

We appreciate the Auditor's input. Staff will review monthly productivity reports to confirm current metrics are fully represented, and where new metrics could be incorporated. Several indicators are in the report as of publication of this Audit. These include *revenue collected per exit lane; average parking price per space; revenue collected by payment type; monthly expenses; net profit by location; number of monthly parkers; number of daily parkers by lane vs. monthly parkers by lane; number of vehicles parked in garage by day; number of entries and exits by lane; daily parking duration per garage;* and others. Staff will conduct a review to identify any potential new metrics by the end of the fiscal year. We appreciate the opportunity to review with the Audit team.

Completion Date: December 31, 2024

Observation 3

Governance Documentation

Governance documents, including, but not limited to, policies, procedures, and job descriptions, define how an organization operates, assigns responsibilities, and ensures compliance with management philosophies. Together, these documents are vital in managing risks, promoting compliance, and aligning actions with organizational goals. During our review of key Parking Services governance documents, we noted management has established a set of operational policies and procedures to guide staff in fulfilling its daily responsibilities. However, there remain opportunities for refinement and further development of the policies and procedures to ensure continued effectiveness and consistency of operations.

Policy Review & Enhancement

Inquiry with management indicated there are five internal governing documents that provide guidance and direction to the Parking Ambassadors. The creation of such documents reflects a proactive approach toward establishing a structured framework for operations, which is crucial for ensuring consistency, compliance, and efficiency within the Parking Services Division. The following were identified in the course of our audit:

- Cash Handling Policy – Establishes guidelines and procedures for cash handling within City garages, as well as managing payments for monthly and validation accounts.
- Internal Controls Fraud Policy – Establishes controls to assist in the detection and prevention of fraud in the Parking Services program.

- Parking/Ambassador Program Attendance Policy – Establishes expectations and guidelines for maintaining consistent attendance among our Parking Ambassadors.
- Customer Operations Parking Garage Rules – Details rules regarding dress code, employee scheduling, garage etiquette and patrolling, and cash handling.
- Electric Vehicle Policy – Outlines steps that staff should take when using electric vehicles during shift and consequences for violations.

Our review of these governing documents identified two instances where they should be improved. Specifically, we noted the policies and procedures would be improved by including an effective date and a date of last revision. The inclusion of such information would help ensure the policies/procedures are kept up-to-date and reflect current operations. In addition to this overall observation, we identified specific improvements that should be made to the Cash Handling Policy.

Policies and procedures would be improved by including an effective date and date of last revision.

The policy provides comprehensive direction and guidance for the collection, processing, and depositing of parking revenues. However, we noted instances where the policy should be improved. Specifically:

1. The version of the policy available to Parking Services staff was in draft form. It should be finalized and formally adopted.
2. The policy does not accurately reflect operations. For example, while the procedures state staff must be prepared for operations by 8:00 a.m., employee schedules and our observations show operations begin at 7:30 a.m. Accordingly, the policy should be revised to align with operations.
3. The “Cash Handling” section of the policy requires that parking staff spot-check for counterfeit bills through the use of a counterfeit pen. We noted the Treasurer-Clerk’s Revenue Division’s Theft/Active Shooter/Fraud Prevention policy provides more detailed procedures for identifying and handling fraudulent monies. The cash handling policy should include reference to Revenue’s Theft/Active Shooter/Fraud Prevention policy to provide staff with further guidance in identifying counterfeit monies.
4. We noted the policy does not include reference to Airport operations. Our evaluation of Airport parking operations indicates significant differences in cash handling and deposit documentation compared to that for other parking facilities. We recommend management update the policy to include Airport operations or establish a distinct procedure or a separate section of the policy specifically for the Airport.

The Cash Handling Policy should be improved.

Parking Ambassador Job Descriptions

Review of the organizational structure for Parking Services and discussions with Parking Services management shows that Parking Ambassadors (PAs), under the supervision of Parking Operations Supervisors, have a significant role in the day-to-day operations of the City's parking garages and the Airport parking lot. As detailed in the City's PA job specification dated August 2019, their essential duties involve patrolling designated areas, assisting customers, and ensuring compliance with local parking regulations.

The Parking Ambassador job description should be updated.

In addition, PAs are responsible for cashiering daily parking transactions, management of the cash drawer, and management of monthly customer accounts in the absence of a supervisor.

Accordingly, PAs must acknowledge receipt of key policies and procedures, such as the Internal Controls Fraud Policy and Cash Handling Policy, by signing the applicable document. The signature also serves as an attestation the PA will comply with the policy. Although these employees play an integral role in daily operations, including cash handling and customer account management duties as described above, such responsibilities are not explicitly outlined in the PA job specification.

We recommend Parking Services management update the Parking Ambassador job description to include essential duties, knowledge, abilities, and skills related to cash handling and customer account management. Maintaining accurate documentation is crucial for effective Human Resource management. Clarifying job responsibilities will not only enhance recruitment efforts but also minimize potential misalignment between employees' understanding of job duties, departmental expectations, and performance evaluations.

Observation 3
Management's Action

Staff appreciates the Audit team's observations regarding governing documents. Opportunities for continued refinement and review of policies and procedures can be reviewed for improvement. The recommendations provided in this report will be reviewed and necessary changes implemented by September 30, 2024.

Completion Date: September 30, 2024

Conclusion

The City has established a well-structured Parking Services division within the Customer Operations Department to oversee the recently internalized parking program, ensuring efficient day-to-day operations with adequate staffing and organization. Management has implemented operational policies and procedures that incorporate an internal control system to enhance security and ensure accountability in daily operations. Nevertheless, there are opportunities for improvement in the recording of Parking Services financial activities, organizational management, and operational governance of the parking program. Management should consider implementing the use of an enterprise fund to account for parking-related revenues and expenditures, developing a comprehensive performance measurement system, and establishing a policy review mechanism to ensure that all policies and procedures align with the operations at all parking facilities.

Appointed Official's Response

City Manager:

I am pleased with the outcome of this audit. The results conclude that the City's parking operations are well-structured; efficient; and include supporting controls for security and accountability. I would like to thank the staff of the Office of the Inspector General for their professional review and ongoing effort to strengthen our City controls and processes.

Acknowledgements

We would like to express our appreciation to the Parking Services Division of Customer Operations management and staff for their cooperation and assistance during this audit.

Project Team

Engagement conducted by: Chathya Chandler, CIGA, MAcc – Senior Auditor
Supervised by: Jane Sukuro, CPA, CIA, CIG - Deputy Inspector General
Approved by: Dennis R. Sutton, CPA, CIA, CIG - Inspector General

Statement of Accordance

The Office of the Inspector General's mission is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of the Inspector General at 850.891.8397 or inspector.general@talgov.com.

<http://www.talgov.com/transparency/inspectorgeneral.aspx>



APPENDIX A

The parking industry utilizes various performance measures to evaluate the efficiency, effectiveness, and profitability of parking facilities. Some common performance measures include:

Financial Performance:

Revenue per space: This metric calculates the average revenue generated per parking space over a defined period. It helps evaluate the financial performance of the parking facility.

Revenue per hour: This measure calculates the average revenue earned per hour of operation. It helps identify peak revenue periods and optimize pricing strategies accordingly.

Revenue growth: Monitoring revenue growth over time helps assess the overall financial health and performance of the parking facility.

Maintenance costs: Understanding expenses associated with maintaining parking facilities, including repairs, cleaning, and upkeep informs investment decisions regarding future expansion, renovation, or technology upgrades.

Profit margin: Profit generated per dollar of revenue. It helps management assess the financial health of the parking program.

Operational Efficiency:

Occupancy rate: This measures the percentage of parking spaces that are currently in use at any given time. It helps gauge how efficiently parking spaces are utilized.

Turnover rate: The turnover rate indicates how many times parking spaces are filled and vacated within a specific period, typically an hour or a day. Higher turnover rates often indicate higher demand and efficient utilization of parking spaces.

Availability rate: Percentage of parking spaces empty and available for use.

Average length of stay: This measure indicates the average duration vehicles remain parked in the facility. It helps assess parking patterns and demand fluctuations throughout the day.

Transactions per hour: Number of parking sessions initiated (paying, entering) per hour. This metric provides insights into the efficiency of the payment and entry/exit processes.

Customer Satisfaction:

Customer complaints: Number of complaints received regarding parking availability, pricing, or service.

Customer satisfaction surveys: Feedback from customers regarding their experience with parking services.

The specific KPIs used by Parking Services management will vary depending on their specific goals and priorities. However, understanding these common measures can provide valuable insights into the overall performance and well-being of the parking program.

Reference

- Gary Shull, S. D. (2021, August 31). *10 parking KPIs to collect in a modern parking operation*. The PayByPhone Blog. Retrieved February 16, 2022, from <https://www.community.paybyphone.com/blog/10-parking-kpis>
- Donatucci, A. (2022, February 28). *Three KPIs for a successful parking operation - precise ParkLink: Parking management services*. Precise ParkLink | Parking Management Services. Retrieved February 28, 2022, from <http://www.preciseparklink.com/news/three-kpis-for-a-successful-parking-operation>
- Reaz, K. (2022, March 8). *The First Step to Achieving Key Parking Operational Objectives? Understanding Parking KPIs*. Parking Industry Insights. Retrieved February 21, 2024, from <https://www.parkingindustry.ca/parking-management/the-first-step-to-achieving-key-parking-operational-objectives>

