

**ENGINEERING DEPARTMENT, PARKING SYSTEM
REVENUE AUDIT FY 10 – 12 (Thru May 31, 2012)
OCTOBER 25, 2012**

INTRODUCTION

City Audit conducted an audit of the City’s Engineering Department, Parking system (Parking) for fiscal years 2010, 2011, and 2012 (thru May 31, 2012) to ensure and evaluate: (1) the presence of adequate internal controls over cash management, particularly the maximization of revenues; (2) the presence of adequate policies and procedures over three main areas: administration, collections/maintenance, and enforcement; and (3) the reasonableness of the over-all Parking system management.

BACKGROUND

The Clearwater Parking System is responsible for the administration, operation, maintenance, enforcement, and revenue collection (approximately \$4M annually) for thousands of parking spaces (both on-street and in off-street facilities) at Clearwater beach and downtown Clearwater, as well as various downtown garages (Garden Avenue, the Municipal Services Complex Employee Parking Garage, Station Square), and the Courtney Campbell Causeway lot (in the easternmost part of Clearwater before crossing the bay to Tampa). The Parking System comprises 18 downtown lots and three garages along with 11 beach parking lots totaling system-wide, approximately 3,400 spaces. FY 2011 staffing included 21.7 full time equivalents (FTE) with a budget of \$4,016,260; FY 2012 staffing included 20.9 full time equivalents with a budget of \$3,761,250. Actual Parking revenues for FY’s 2008 – 2011, and budgeted revenues for FY 2012:

2008	2009	2010	2011	2012
\$4,149,821	\$4,998,480	\$4,342,237	\$4,666,491	\$4,615,419

A Parking Manager is responsible for the efficient and effective operations of the three main parking areas/programs: administration, collections/maintenance, and enforcement to include the direct supervision of an administrative analyst, a parking enforcement supervisor, and a parking operations supervisor. Administration ensures daily management, leadership, and over-all strategy development including the analyzing of all revenues and expenditures to optimize parking revenues, while maintaining reasonable costs.

The collections/maintenance area ensures timely and adequate collecting, sorting/counting/preparing, and recording of all monies (bills and coins) collected from the Calé (pay n display) machines and all individual spaced meters. Responsibilities also include the timely and scheduled/unscheduled maintenance and repair of meters and meter counting equipment.

The primary focus of the parking enforcement division is to ensure compliance with city and state parking regulations in clearly defined and posted parking spaces. While the issuance of parking citations produces revenue, dedicated and consistent parking enforcement results in higher levels of parking space turnover, essential in limited parking areas. Parking fine revenue covers the cost of the parking enforcement program and related collection costs. Any excess revenue is transferred to the General Fund to help support beach cleaning operations and the lifeguard program.

AUDIT WORK PERFORMED/REVIEWED:

1. Budget and financial data (spreadsheets, year-end parking fund financial workpapers, general ledger, etc), compiled by Parking and Finance personnel.
2. Revenues - lot/garage locations for a 4 year period.
3. Form of payments - currency % versus credit card %.
4. Cash collection procedures (including the actual counting of cash) at the various locations throughout the City.
5. Parking collections and enforcement policies, procedures, and related City Ordinances, including existing work/activity schedules.

6. All current City parking rates (streets, lots, garages), other Florida City rates, and hours of operation (hours required for parking customers to pay for parking).
7. Counted change funds and observed collections and sorting prepared for pick-up.
8. Observed in downtown and at the beach parking enforcement and collections activities.
9. Observed on at least 20 different days (at varied times during morning, noon, and evenings) customer parking activity in downtown and mainly at the beach, including: customers paying at pay and display machines, placing pay and display ticket on dashboard, depositing coins at meters, parking in legal spaces without a parking meter (free parking), interacting with parking enforcement and police aide personnel, reviewing pay and display tickets, etc.
10. Internal controls over cash and operations.
11. The number of citations written dismissed, voided, etc.
12. Signage to determine adequacy.
13. Reviewed loss of revenue from faulty meters, special events, and citation dismissals, voids, etc.

OBSERVATIONS & RECOMMENDATIONS:

Opening Audit Comment: Over-all, the Engineering Department/Parking System continues to be managed effectively with clear indications of adequate internal controls over administrative functions, cash handling/equipment maintenance, and enforcement. Current policies, procedures, and management oversight indicate a high level of operational efficiency and effectiveness that continues to optimize revenues while maintaining reasonable expenditure levels. Consequently, the Parking System as an enterprise continues to be profitable. The Audit identified the following observations and recommendations (where applicable) to enhance existing operations:

ADMINISTRATION

1. A change in the Parking System management occurred on November 19, 2011, with the appointment of a long serving Parking System employee, replacing a similarly long serving manager. Audit is of the opinion that the transition of an experienced and knowledgeable employee occurred with minimal to no disruption of existing operations and provided a mechanism to further enhance existing operations well into the future.
2. Since the Parking System is heavily reliant on field operations involving cash collections, equipment maintenance, and enforcement, it is imperative that those operations continue to receive adequate and periodic field supervision and oversight.

RECOMMEND: Audit strongly encourages continued/on-going field supervision by all three main supervisory positions (parking manager, operations and enforcement supervisors); and that some guidelines, timeframes regarding the frequency and continued importance of said field supervision be formalized into operating policies and procedures.

CASH COLLECTIONS/MAINTENANCE PROCESSES– Internal Controls

3. Over-all system maintains very adequate internal controls, processes, and policies ensuring optimal and timely collections, recording and sorting (of collections), and depositing. Existing processes continue to optimize revenue.
4. A count of all change fund cash utilized for the varying operations determined the presence of authorized amounts as well as adequate storage and security.
5. Relatively new parking collections equipment (i.e., pay n display) continues to be used that allows for alternate payment methods (credit cards) thereby reducing the amount of currency (bills, coins) needing collection, sorting, depositing. Consequently, Parking gains some time and personnel efficiencies combined with a reduced probability of money loss. Additionally, customers are afforded more convenient payment methods.

RECOMMEND: Continue to periodically advertise/market our parking system via press releases, City quarterly magazine (Snippet included in Fall 2012 edition), City internet site, chambers of

commerce, etc., specifically the pay n display machines with the credit card payment method. Many visitors tend to carry and prefer utilizing credit cards.

RECOMMEND: Explore with the pay n display machine vendor/manufacturer the possibility of perhaps adding a voice component such as verbal directions when a customer approaches the machine. Additional verbal/voice instructions may facilitate machine usage, particularly reminding customers (in addition to all signage) to adequately display ticket on vehicle dashboard.

6. All meter collections (single space/pay n display) usually occur by two parking technicians (currently a total staff of 3 parking technicians) following varied collection schedules. Monies (collection cans/cylinders) extracted are inaccessible in the field and only unlocked during the counting process at an alternate location (unlocking keys kept at alternate location). Current process requires for the collection cans to always be under the direct control of a parking technician. Two employees are nearly always present during collection and transport, and always present during counting, sorting, and sealing of monies (prepared for deposit). The counting/sorting process further identifies and separates nearly all foreign coin and tokens/slugs. In prior years, much of this foreign coin has been sold for anywhere from 50 – 90% of the actual value in US dollars (classified as miscellaneous revenue to the Parking fund). IPS and Cale meters (pay n display) have a transaction tape in them with the total amount of money collected. This tape is used to verify accuracy of the coin counts. During sorting and counting, the facility is kept locked and secured, accessible only to authorized personnel. Additionally, Audit noted that during the collection process staff inspects the meters and equipment for any issues, such as a decaying battery, bad lens, bad lock, missing stickers, etc., and passes along this information to the technician or applicable vendor (depending on maintenance contracts/agreements) performing the monthly maintenance. Audit observed samples of many of the above processes finding them to be rather thorough and comprehensive, complete with adequate internal controls.

RECOMMEND: Continue to ensure existing equipment/machine maintenance contracts/agreements provide reasonable, efficient, and effective services commensurate with the Parking System's needs.

RECOMMEND: Continue searching for additional locations/opportunities to automate existing parking functions through the use of automation such as adding pay n display machines or alternate equipment, i.e., at downtown Garden Avenue garage.

7. Loss of revenue can originate from parking tickets not paid, faulty equipment, or events where parking spaces are used for something other than parking vehicles. During the year various downtown and beach events cause the temporary (a few hours to a couple of days) closure of metered spaces. On most occasions, private users of the spaces pay a rental fee (in lieu of the hours or days' parking receipts). A review of the past few years determined the loss of revenue from inaccessible parking spaces to be less than 1% of revenue collected. Revenue loss from faulty equipment is even less. Usually faulty equipment is repaired the very next day. Normally issues with meters include the misread or no credit of a coin with the coin remaining in the meter resulting in no revenue loss (refunds provided upon customer inquiries). Lots with pay n display machines contain at least two (2) machines in case one malfunctions leaving customers with at least one functioning machine. Consequently, revenue loss from faulty/inoperable/down equipment is very minimal, within reasonable, acceptable limits.

RECOMMEND: Continue to ensure Parking revenue loss stays very minimal, particularly through uniform applicability of rental payments for all spaces inaccessible due to a special event/activity at both the beach and downtown.

RECOMMEND: Explore the possibility of the City charging for parking at downtown special events (particularly those at Coachman Park) at the Garden Avenue Garage location after hours and on weekends. Most other privately owned nearby lots charge anywhere from \$5 - \$10 for special events parking.

RATES & OPERATING HOURS

8. Current hourly and daily rate structures vary somewhat from downtown to the beach, on-street to off-street (garage and lots), weekday to weekend, and seasonal; from \$0.25/hour at various on-street

downtown meters to \$1.25/hour at on-street beach meters and from \$3.50/day at the downtown garage (also has a monthly rate) to \$16.00/day for one of the beach lots. While most variations are reasonable (i.e., higher seasonal rates during peak visitor months of the year), Audit noticed the following rate variations that could benefit from a Parking staff review to ensure revenue/fee adequacy relative to market conditions and private rates charged nearby (competition/alternatives/overflow to City lots):

- a. Beach-Lot **32** on S Gulfview, rates increased in June 2011 to \$2.75/hour, \$16.00/day (every day), while other Beach lots **31** (Pier 60), **36** (Rockaway/Palm Pavilion), and **37** (Avalon/Kendall) maintain lower hourly and daily rates (\$1.00-\$2.00/hr and \$10-\$12.50 daily). The four referenced lots located adjacent to the sand are the most utilized, highest revenue-generating lots. It appears that most current rates have not seen any adjustments (increase) in up to 10 years or more.
- b. **S Gulfview Blvd on-street three (3) spaces** fronting Beach Lot 32 – these 3 on-street metered spaces currently charge \$1/hr (\$1.25 weekends/seasonal), considerably less than the \$2.75/hr in the adjacent Lot 32.
- c. Minimum rates for Beach on-street meters and lots varied from a low of \$0.25 (on-street S Gulfview Blvd meters) to \$0.50 (lots 31, 32, & 36) to \$1.00 for all lots on the East side of Mandalay Ave.

RECOMMEND: Review existing lot and on-street meter rate structures to develop some uniformity (of rates) designed to optimize revenue-generation and customer ease.

9. Parking staff recently compiled an analysis of parking rates throughout the State of Florida that found Clearwater's rates at or slightly above other jurisdictions. Additionally, Audit noted the daily parking rates charged by private property owners at various lots and garages on the beach ranging from \$10.00/day up to \$16.00/day are more in line with current City parking rates.

RECOMMEND: Given the amount of infrastructure and financial investment by both the City (\$30 Million in Beach Walk) and private sectors (a few hundred million in various hotels-SandPearl, Hyatt, Pier 60 House; businesses-Surf Style; and restaurants, etc) in downtown and the beach, the present appears to be a good time to further review and justify any adjustments (possible increases) to existing Beach parking rates.

10. Existing beach lots have various start and end times of the day requiring payment. Lots require payment beginning at 6, 7, and 8 am. Conversely, the same lots require payment through varying times in the evening/night, either 6, 10, 11, pm or 1 am. These variations have the probability of causing confusion and misunderstanding by customers, some inconsistent enforcement activities, as well as inexplicably allowing for free parking (with the potential to benefit certain businesses but not others). Uniformity will help alleviate these issues as well as maximize parking turnover and generate additional revenue.

RECOMMEND: Review existing lot operating (customer payment) start and end times to ensure uniformity across all lots on the beach.

11. Current rates for Marina parking (Lot 30) designated for Marina activities, primarily boating/fishing activities on the commercial vendors, appears to be rather low, \$2 for a half day and \$4 for a full day. As listed earlier, City parking rates on the rest of the beach range from \$4-\$11 for a half day and \$10-\$16 for a full day. Additionally, it appears these rates have not experienced any increase in many years.

RECOMMEND: Consider increasing the Marina parking (Lot 30) rates from the listed amounts to more realistic rates such as perhaps \$4-\$6 for a half day and \$8-\$10 for a full day.

ADDITIONAL REVENUE OPPORTUNITIES

12. The below list identifies ten (10) opportunities for additional beach metered parking spaces (on-street, approximately 204) that for many years have been free to any visitor (perhaps mostly the day tripper visitor aware of their location and zero cost). Audit could not identify reasonable explanations as to why the below locations and spaces have continued to be free (number of estimated spaces based on actual

observations of the number of cars parked at all the listed locations). Please see various photos enclosed at the end of this report as Exhibit A depicting some of the referenced locations:

STREET/LOCATION	ESTIMATED # OF SPACES
a. N Mandalay Ave -both on East & West side of Mandalay, just N of metered on-street spaces, some spaces on East side are metered while spaces directly across Mandalay on West side are not.	96
b. Royal Way -South side of street, just E of Mandalay Ave	7
c. Poinsettia Ave -West side of street adjacent to McKay Park, spaces on Mandalay Ave adjacent to McKay Park have meters.	15
d. Avalon St -South side of street-could require these spaces to utilize pay n display machines located in Lot 37.	10
e. Kendall St -South side of street	5
f. Bay Esplanade -Boat Ramp/Launching area, just N of library	12
g. Rockaway St -South side of Street, spaces on North side are metered (pay n display)-these spaces could use pay n display.	12
h. Poinsettia Ave -South of Baymont St to just North of Papaya St on West side of street-spaces may require Code Enforce review	15
i. Papaya St -N side of street adjacent to restaurant, sign permits Parking after 4 pm	10
j. Bayway Blvd -Southern part of Beach-spaces on both sides of street, most surrounded by residential areas, down to Police sub-station.	22
TOTAL	204

The above observed spaces have and will continue to have vehicles parked in them (barring any alternate actions by the City). Consequently, metering them will provide uniformity across City beach parking while generating additional parking revenue, conservatively an estimated \$120,000 based on \$10/day on the 60 busiest days of the year. Costs to prepare spaces including any additional equipment as well as collections and enforcement would be minimal making the investment quite profitable. Currently, particularly on N Mandalay Ave, businesses have an unfair advantage since their customers do not have to pay for parking, while other customers visiting most other beach businesses do have to pay to park.

RECOMMEND: Explore possibility of beginning to meter the referenced parking spaces as well as survey other Beach streets for any additional locations/spaces not referenced above.

PARKING ENFORCEMENT

13. The parking enforcement program was established in June of 2003, with enforcement efforts beginning in March of 2004. In FY 2011, staff issued 32,071 citations (net of dismissals), in FY 2010, 29,095 (short staffed and weather conditions), and in FY 2009, 36,052 (net of dismissals). All parking citation revenue is directed first to the Parking fund to cover the costs of the program. The operating costs budgeted in this fiscal year, also includes costs to the collection agency which receives all payments. The excess revenue, estimated to be \$112,000 (FY 12) is transferred to the General Fund to support school guards and other general operations. The over-all enforcement process appears to function as intended with adequate and reasonable internal controls.
14. Parking uses an outside vendor to collect payments mailed for citations. The vendor deposit collections into the bank and report those collections to the City daily with reports submitted to Finance weekly.

Each week the vendor sends an email reporting the weekly ACH/IVR payments received from online credit card payments. For refunds the management company sends the City a report showing who needs to be refunded for overpayment of parking citations. All refunds are processed here at the City. Refunds and their citation numbers are kept on a spreadsheet so that none are duplicated. Check payments made to the management company that are returned to finance due to insufficient funds are sent to the parking system. The City then prepares a fax to the management company showing the total number of NSF's and the amount. The vendor similarly reports to the City (at least weekly) requests for citation dismissal to be reviewed and approved by parking enforcement personnel. Audit's review of the citation processes and controls similarly found them to be very reasonable and adequate.

RECOMMEND: Review citations that are still unpaid with vendor. Nearly all unpaid citations should be in the vendor's collections process that eventually would recover amounts due or not allow the vehicle owner to renew their vehicle registration.

15. Audit encountered instances where the parking enforcement activities (hours of operation) were concluding up to two (2) hours prior to the 1 am closure of beach lots 31, 32, and 36 (end time requirement parking payment). Such scheduling increases the probability for visitors to not fully pay for parking until lot closure, particularly local day visitors who may know that enforcement typically ends at a specific time. Consequently, variations in enforcement scheduling should occur at both the beginning and end of lot opening and closure.

RECOMMEND: Explore the possibility of altering enforcement schedules perhaps beginning on busier Friday and/or Saturday nights, to coincide with lot openings and closures.

16. **SIGNAGE** – over-all at both beach and downtown, there is currently more than adequate and reasonable signage to guide and explain the parking process to anyone, particularly at all lots. However, an opportunity exists to further expand signage upon entry to the beach to guide vehicles to both City lots and the private garages on South Gulfview Blvd with entrances at Coronado Dr. These garages that are relatively new, are still somewhat underutilized during the very busy, peak seasons. Additionally, sometime in 2013 a restaurant will open at the Marina further impacting beach parking that could be somewhat alleviated with some additional, adequate signage.

CONCLUSION

Audit is of the opinion that over-all the Engineering/Parking System currently maintains very adequate internal controls over its administration/management, collections/maintenance, and enforcement. Existing processes and policies are managed and executed in very reasonable, adequate, and effective ways. The 2011 parking management transition further enhanced operations likely to continue throughout 2013 and beyond. Audit offers various positive observations with some recommendations designed to enhance existing operations including the possibility of increasing Parking revenue. Audit would like to thank Parking System staff for their assistance with this audit.

Respectfully Submitted,

Robin I. Gómez

**Robin I. Gomez,
City Auditor**

**Karen Cunkle,
Senior Auditor**

EXHIBIT A, LOCATIONS/STREETS WITH NON-METERED SPACES



N MANDALAY AVE



ROYAL WAY



POINSETTIA AVE-next to McKay Park



AVALON ST



**POINSETTIA AVE-South of Baymont St
Cars parked on ROW, could be a Code Enforcement issue.**



PAPAYA ST-No parking until after 4 pm.