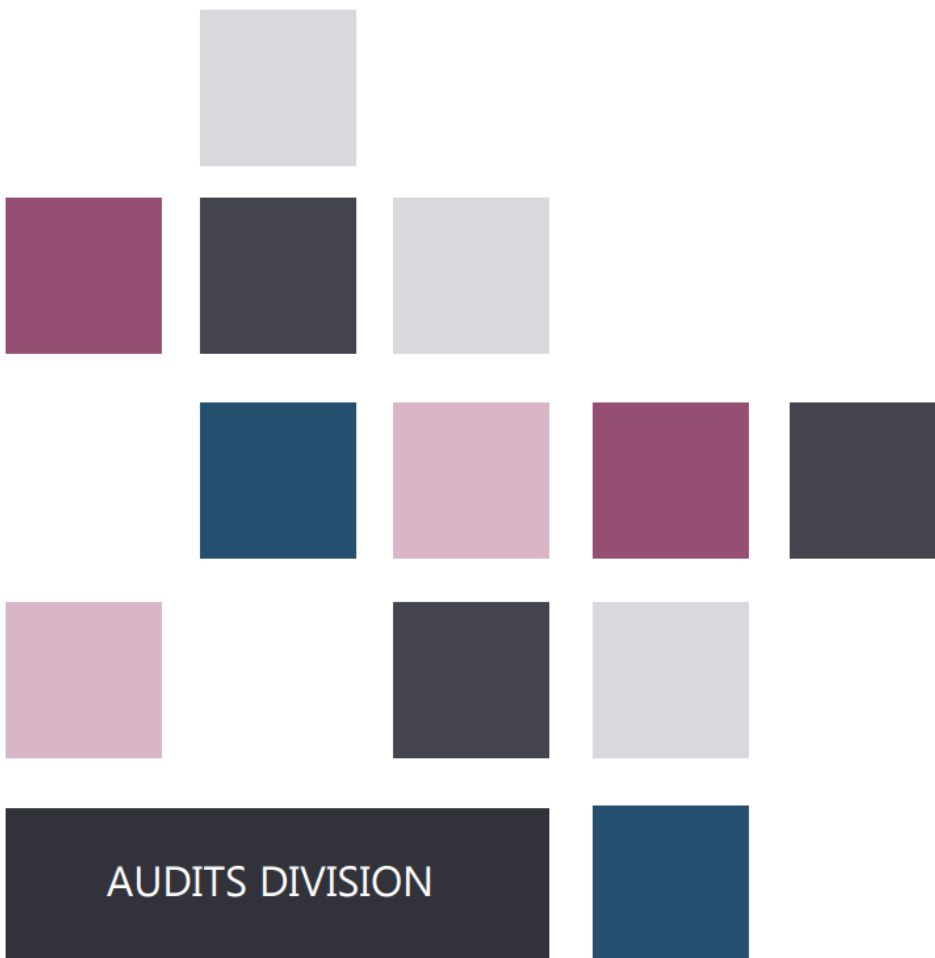


IMCO Parking LLC, In General, Adequately Performed Operational Duties but a Few Improvements Can Strengthen Its Operations at the St. Mary's Square Parking Garage

San Francisco Municipal Transportation Agency



September 13, 2021

City & County of San Francisco
Office of the Controller
City Services Auditor

About the Audits Division

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Within CSA, the Audits Division ensures the City's financial integrity and promotes efficient, effective, and accountable government by:

- Conducting performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of service delivery and business processes.
- Investigating reports received through its whistleblower hotline of fraud, waste, and abuse of city resources.
- Providing actionable recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

Team:

Winnie Woo, Senior Auditor

Consultant:

Sjoberg Evashenk Consulting, Inc.

Mark de la Rosa

Director of Audits

Office of the Controller

City and County of San Francisco

(415) 554-7574

For media inquiries, please contact

con.media@sfgov.org.



<http://www.sfcontroller.org>



@sfcontroller



LinkedIn Office of the Controller

Audit Authority

CSA conducted this audit under the authority of the San Francisco Charter, Section 3.105 and Appendix F, which requires that CSA conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

September 13, 2021

Board of Directors
San Francisco Municipal Transportation Agency
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103

Mr. Jeffrey Tumlin
Director of Transportation
San Francisco Municipal Transportation Agency
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103

Dear Board Chair, Board Members, and Mr. Tumlin:

The Office of the Controller's City Services Auditor (CSA), Audits Division, engaged Sjoberg Evashenk Consulting, Inc., (SEC) to audit the lease agreement (lease) under which IMCO Parking LLC (IMCO) operates the St. Mary's Square Parking Garage (St. Mary's Square Garage). SEC also reviewed the management and oversight of the lease by the San Francisco Municipal Transportation Agency (SFMTA).

Reporting Period: January 1, 2019, through December 31, 2020

Revenue: \$6,516,228

Results:

IMCO reported to SFMTA \$6,516,228 in operating revenues and \$3,602,437 in expenses during the audit period. In general, SFMTA ensured that IMCO appropriately performed most garage activities, with the goal of achieving optimal operational and financial performance at the St. Mary's Garage. However, the audit identified a few areas in which SFMTA could improve its oversight of the garage's operations and better monitor IMCO's compliance with the lease.

The report includes eight recommendations for SFMTA to improve its oversight of the St. Mary's Square Garage lease. The responses from SFMTA and IMCO are attached. CSA will work with the department to follow up every six months on the status of the open recommendations made in this report.

CSA appreciates the assistance and cooperation of all staff involved in this audit. For questions about the report, please contact me at mark.p.delarosa@sfgov.org or 415-554-7574 or CSA at 415-554-7469.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark de la Rosa".

Mark de la Rosa
Director of Audits

cc: Board of Supervisors
Budget Analyst
Civil Grand Jury
Citizens Audit Review Board
City Attorney
Mayor
Public Library

San Francisco Municipal Transportation Authority: In General, IMCO Parking LLC Adequately Performed Operational Duties, but a Few Improvements Can Strengthen Its Operations at the St. Mary's Square Parking Garage

August 2021



Executive Summary

Purpose of the Audit

As authorized by the San Francisco Administrative Code, the Office of the Controller's City Services Auditor engaged Sjoberg Evashenk Consulting, Inc., to assess whether IMCO Parking LLC (IMCO) complied with certain provisions in its lease agreement (lease) with the City and County of San Francisco (City) to operate the St. Mary's Square Parking Garage (St. Mary's Square Garage). The audit also assessed whether the San Francisco Municipal Transportation Agency (SFMTA) appropriately managed and oversaw the lease.

Highlights

Overall, the audit found that SFMTA ensured IMCO appropriately performed parking garage activities to ensure optimal operational and financial performance at the St. Mary's Square Garage. However, the audit identified the following areas where SFMTA could improve its oversight of garage operations and better monitor compliance with the lease between the City and IMCO:

- IMCO needs to improve a few processes associated with monthly parking.
- IMCO can improve the customer validations and special events parking tickets reconciliation process.
- IMCO needs to improve manual gate lift exceptions reporting.
- SFMTA did not remove a few inactive SKIDATA user profiles and needs to implement system access review processes.
- SFMTA approved a few operating expenses billed that were not fully supported.
- One of SFMTA's parking regulations appears to be outdated and a few regulations were not enforced.

Recommendations

The report includes 8 recommendations for SFMTA to ensure cash-handling best practices are employed at the garage and to ensure compliance with the lease. The report recommends that SFMTA should:

- Require IMCO to expand its current processes to include a reconciliation between the amounts due per active monthly parking access card information reflected in SKIDATA with revenue deposited in the bank and provide the reconciliation to SFMTA.
- Collect \$3,572 in uncollected late fee revenue from IMCO for May 2019 and determine whether additional steps should be taken to calculate potential late fee penalties in other months. Require IMCO to implement procedures to ensure late fees are charged in accordance with parking regulations and incorporate any terms for waived late fees, if applicable.
- Require IMCO to establish a process to reconcile SKIDATA information regarding the number of tickets used for customer validations and special event tickets against the amounts invoiced/charged and deposited and submit the reconciliation to SFMTA.
- Work with IMCO to ensure all manual gate lifts, including those initiated by IMCO staff at either the command center or on-site and by SKIDATA staff, are documented in the SharePoint exception log with sufficient explanations.
- Move forward with plans to update the parking regulations to align with current practices or require garage operators to adhere to current parking regulations.

INTRODUCTION

Audit Authority

The lease agreement (lease) for the St. Mary's Square Parking Garage (St. Mary's Square Garage) between the City and County of San Francisco (City) and Imperial Parking LLC (IMCO) authorizes the City and its representatives to audit all accounts and records established under the lease. The San Francisco Administrative Code, Chapter 10.6-2, grants the Office of the Controller (Controller) the authority to audit departments to ensure they adequately manage their agreements for leased property. Also, the San Francisco Charter provides the Controller's City Services Auditor (CSA) with broad authority to conduct audits. This audit was conducted under these authorities and pursuant to an audit plan agreed to by the Controller and the San Francisco Municipal Transportation Agency (SFMTA). CSA engaged Sjoberg Evashenk Consulting, Inc., (SEC) to audit the lease between the City and IMCO under which it operates the St. Mary's Square Garage and to assess SFMTA's management of the lease.

Background

The St. Mary's Square Garage is a public parking garage located at 433 Kearny in San Francisco. IMCO's current lease to operate the garage commenced on February 1, 2012 and is set to expire on January 31, 2022.

Under the Parking and Revenue Control Systems (PARCS) initiative, SFMTA has updated nearly all 22 city-owned parking garages with new parking equipment and software to enhance the efficiency and safety of the garages. As part of PARCS, the SKIDATA system, an automated parking access and revenue control system, was installed at the St. Mary's Square Garage in 2018 and has allowed the garage to automate most payment processes. Other technological upgrades include the addition of an Automated License Plate Recognition (ALPR), a camera system that converts the image of a license plate to computer-readable data. The ALPR system collects data for calculating parking fees, issuing citations, and re-issuing lost tickets. According to SFMTA's website, City-owned garages were updated with SKIDATA equipment as of July 2021.

SFMTA manages and oversees the City's public, off-street parking garages. The City delegated authority to SFMTA to oversee the activities of the operators responsible for the daily management and operations of the parking garages. SFMTA is responsible for reviewing and approving parking garage budgets and operational expenses, conducting garage inspections, and ensuring the operators adhere to the terms and provisions of their leases.

IMCO is responsible for the supervision and oversight of the St. Mary's

Square Garage's operational activities and ensuring revenues generated and operational expenses incurred through the garage are appropriately remitted and reported to the City. IMCO remits daily to the City all St. Mary's Square Garage revenue, including transient parking and monthly parking revenue, and submits monthly requests for reimbursement for operational expenses, including staff salaries and benefits.

Objectives

The purpose of this audit was to determine whether IMCO:

- Reported and correctly submitted to SFMTA all revenues collected from the operation of the St. Mary's Square Garage;
- Calculated and correctly reported all of its operating expenses; and,
- Complied with other provisions of its lease with the City.

The audit also included evaluating whether SFMTA's contract management practices and procedures adequately ensured that IMCO complied with certain lease provisions.

Scope and Methodology

The audit covered January 1, 2019, through December 31, 2020. To meet the audit objectives, the audit team:

- Reviewed the applicable terms of the lease between the City and IMCO.
- Assessed IMCO's internal controls and procedures over collecting, recording, summarizing, and reporting gross revenues and expenditures, including day-end close-out practices associated with verification of amounts collected and preparing the daily deposit.
- For the months of May 2019, December 2019, April 2020, and September 2020, traced transient and monthly revenue collected to SFMTA's bank accounts and determined whether expenses were accurately and appropriately billed to SFMTA and were supported with sufficient documentation.
- Evaluated security protocols and controls associated with the SKIDATA system.

Statement of Auditing Standards

SEC conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. SEC believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Summary

From January 1, 2019, through December 31, 2020, IMCO reported to SFMTA total operating revenues of \$6,516,228 and expenses of \$3,602,437. Exhibit 1 summarizes the St. Mary's Square Garage's revenues, expenditures, and operating income for the audit period.

Exhibit 1 St. Mary's Square Garage Operating Revenues and Expenses January 1, 2019, Through December 31, 2020			
Reporting Period	Revenues	Expenses	Operating Income (Revenues Less Expenses)
January 1, 2019 – December 31, 2019	\$4,261,433	\$2,310,025	\$1,951,408
January 1, 2020 – December 31, 2020	\$2,254,795	\$1,292,412	\$962,383
Total	\$6,516,228	\$3,602,437	\$2,913,791

Source: St. Mary's Square Garage Monthly Summary Reports for June 2019, 2020 and December 2019, 2020.

The audit found that, in general, IMCO appropriately performed most parking garage activities at the St. Mary's Square Garage in accordance with the lease agreement, such as accurately collecting and depositing daily transient, validation, and special parking revenue and maintaining proper bonds and minimum liability insurance.

However, the audit identified the following areas that warrant improvement:

- Processes associated with monthly parking.
- Customer validations and special event parking revenue reconciliation processes.
- Manual gate lift exceptions reporting.
- SKIDATA user profiles and system access review processes.
- A few operating expenses billed to SFMTA were not fully supported.
- One of SFMTA's parking regulations appears to be outdated and a few regulations were not enforced.

Finding 1

IMCO Needs to Improve a Few Processes Associated with Monthly Parking

In addition to transient parkers who pay an hourly or daily parking fee in accordance with SFMTA's approved parking rates, the St. Mary's Square Garage offers parking options for a monthly fee, such as motorcycle, carpool, evening and regular 24-hour access. We found that several processes associated with monthly parking require improvement, including revenue reconciliations, late fee assessments, and timely deposits.

IMCO Does Not Reconcile Monthly Parking Revenue

After signing a monthly parking agreement and paying an activation fee, customers receive a SKIDATA-activated parking access card that grants admittance to the garage. At the same time, a corresponding customer account is established in IMCO's Monthly Parking System (MPS), the system used to track monthly parking payments and account balances. Most customers pay the monthly parking fee online through MPS, which automatically updates their account balance. When customers pay by check, their account balance is manually updated in MPS by IMCO staff.

Monthly, the garage operator provides SFMTA with a report comparing the number of active parking access cards reflected in SKIDATA and MPS to demonstrate that the same number of cards are active in each system. However, the report does not reflect the monthly parking charges (which can vary depending on access type) for each card with the total amount collected for the month, which is needed for SFMTA to compare against the amounts deposited in its bank account. As such, the information provided to SFMTA is incomplete and does not provide assurance that every active monthly access card has a corresponding payment deposited in the bank.

Because the garage operator has an incomplete reconciliation process, we compared amounts due per December 2019 and September 2020 SKIDATA reports to amounts collected per MPS and amounts deposited in SFMTA's bank account to determine whether IMCO accurately collected monthly parking fees on all active parking access cards.

Our comparison revealed the amounts due did not always match what was collected and deposited in the bank, as shown in Exhibit 2.

EXHIBIT 2. MONTHLY PARKING REVENUE, DECEMBER 2019 AND SEPTEMBER 2020

Month	Amounts Due per SKIDATA	Amounts Collected per MPS	Difference between Amounts Due and Collected	Amounts Deposited per SFMTA Bank	Difference between Amounts Collected and Deposited
Dec 2019	\$164,643	\$164,348	\$295	\$165,671	-\$1,323
Sep 2020	\$83,118	\$82,003	\$1,115	\$82,801	-\$798

Specifically, while SKIDATA indicated the total monthly parking amount due for December 2019 and September 2020 was \$164,643 and \$83,118 respectively, MPS reflected that only \$164,348 and \$82,003 was collected, a difference of \$295 and \$1,115. Although we requested an explanation of the differences, the garage operator was unable to provide a sufficient response to explain the discrepancy, but indicated the differences were due to the timing in which the reports were generated.

Further, \$1,323 and \$798 more monthly parking revenue was deposited in SFMTA's bank account than amounts collected per MPS in December 2019 and September 2020, respectively. According to the garage operator, differences exist between the amounts collected and deposited due to the following:

- \$1,323 difference in December 2019 is due to:
 - \$228 in fees associated with replacing six access cards were collected and deposited in the bank, but not all access fee charges are processed through MPS. According to the garage operator, while initial activation fees are processed through MPS, check or cash payments received on-site at the garage to replace lost key cards are not; rather, payments received on-site for lost access cards are reflected in daily revenue reports submitted to SFMTA.
 - \$1,095 relates to refunds to various access cards, but the refunds were not reflected in the bank balance until after month end. However, because payment and refund entries reflected on the MPS report do not indicate the months that the payments and adjustments correspond, we were unable to validate the garage's assertion.
- \$798 difference in September 2020 is due to collecting and depositing fees associated with replacing 21 access cards, but the charges were not processed through MPS.

IMCO Did Not Always Assess Monthly Parking Late Fees

According to Section 3(b)(i) of SFMTA's parking regulations, the garage operator is required to collect monthly parking fees no later than the final day of each month, or in months where the final day of the month falls on a weekend, no later than the next business day. When the fees are not received on the last day of the month, the operator is required to impose late charges. During the audit period, the late fee was set at \$38 for each late payment.

Our review of garage monthly parking documentation in four months during 2019 and 2020 found that although there were several payments received after the due date, late payment penalties were not always assessed. According to the garage operator, some of the payments that appeared to have been late may have been received on time, but were entered into MPS late, or were payments associated with a new monthly parking account. We selected one month to determine whether the month's late payments were actually received on-time. Our detailed review of May 2019 monthly parking documents verified that out of 381 payments, monthly parkers submitted 40 payments (associated with 94 access cards) late.¹ IMCO should have assessed late penalties to these parkers per parking regulations but did not impose any late charges. As such, SFMTA did not receive \$3,572 in late penalty revenue during the month of May 2019. The garage operator stated that late fees were not always assessed to provide optimal customer service, however parking regulations do not permit the operator to waive late fees.

Recommendations

The San Francisco Municipal Transportation Agency should:

1. Require IMCO to expand its current processes to include a reconciliation between the amounts due per active monthly parking access card information reflected in SKIDATA with revenue deposited in the bank and provide the reconciliation to SFMTA.
2. Collect \$3,572 in uncollected late fee revenue from IMCO for May 2019 and determine whether additional steps should be taken to calculate potential late fee penalties in other months. Require IMCO to implement procedures to ensure late fees are charged in accordance with parking regulations and incorporate any terms for waived late fees, if applicable.

¹ Some account payments included fees for multiple access cards.

Finding 2

IMCO Can Improve the Customer Validations and Special Events Parking Tickets Reconciliation Process

Outside of daily transient and monthly contract parking revenue, the garage operator also collects parking revenue related to customer validations and special events, and other special parking pricing:

- **Customer Validations**—Businesses purchase parking validation tickets to provide their customers free parking. IMCO provides the validation to businesses in advance and on a monthly basis, using SKIDATA reports, the garage operator invoices businesses the amounts associated with the number of parking validation tickets used by their customers. Comparing the customer validations invoices against SKIDATA reports, our review found the May and December 2019 customer validations revenue was accurately collected and deposited.
- **Special Events**—event organizers purchase a specified number of parking tickets in advance to provide event guests free parking. The amount the garage operator charges for the tickets is based on the garage posted daily parking rate or based on a negotiated rate approved by SFMTA. Because event organizers pay in advance for the tickets, the garage receives the revenue even if some event parking tickets are not used. Our review of special event parking payments in May 2019 found the number of special event tickets reflected in SKIDATA did not exceed the number of tickets purchased and all revenue was accurately collected and deposited. Our review also included December 2019, but no special event parking tickets were sold this month.

Although most special events tickets are based on the daily posted rate, ticket charges may also be based on a separate parking rate negotiated between an event organizer and SFMTA and the garage operator. However, all special events reviewed during the audit period were based on the daily posted rate.

Although SKIDATA is used to generate invoices and we did not find any discrepancies between the invoiced amounts due and deposited for either customer validations or special event parking tickets, we noted the garage operator did not have a process in place to reconcile the number of used tickets reflected in SKIDATA against the amounts invoiced/charged and deposited into SFMTA's bank account for the tickets. Therefore, SFMTA cannot be assured the amount invoiced and deposited for validation income was accurate or that actual tickets used for Special Events did not exceed the number of tickets purchased by the event coordinator.

Recommendation

The San Francisco Municipal Transportation Agency should:

3. Require IMCO to establish a process to reconcile SKIDATA information regarding the number of tickets used for customer validations and special event tickets against the amounts invoiced/charged and deposited and submit the reconciliation to SFMTA.

Finding 3**IMCO Needs to Improve Manual Gate Lift Exceptions Reporting**

SKIDATA has several features to control exceptions to the normal ticketing process, such as recording all instances where the gate is lifted manually on the system daily report. Exceptions to the process are documented in a SharePoint exception log maintained by IMCO staff at the command center, a centralized office where garage activity is monitored remotely. Manual gate lifts can be completed remotely by command center staff or on-site at the garage by IMCO or SKIDATA staff.

To determine whether IMCO's process to record and review manual gate lifts in the exception log is working as intended, we reviewed the April 2020 SKIDATA report—the report showed that four manual lifts occurred—two manual opens and two keep opens—allowing six vehicles to pass through. We found the exception log was not always used to document and explain the need to manually open the gate. Specifically, out of the four manual gate lifts, only two included explanations referring to maintenance work on the gate arm. According to the garage operator, the four manual gate lifts reflected on the SKIDATA report related to only two instances where the gate was lifted; in other words, two gate lifts were each recorded twice. However, without sufficient documented explanations and reviewed at the time of the gate lift, SFMTA cannot be assured that all manual gate lifts were appropriate and parking revenue was not lost.

Recommendations

The San Francisco Municipal Transportation Agency should:

4. Work with IMCO to ensure all manual gate lifts, including those initiated by IMCO staff at either the command center or on-site and by SKIDATA staff, are documented in the SharePoint exception log with sufficient explanations.
5. Require IMCO to establish a process to periodically review manual gate lifts reported in SKIDATA to verify gate lifts were adequately documented and appropriate.

Finding 4

SFMTA Did Not Remove a Few Inactive SKIDATA User Profiles and Needs to Implement System Access Review Processes

SFMTA approves access levels in SKIDATA system upon the request of IMCO staff. Access levels for garage employees include roles such as cashier, chief cashier, facility supervisor, car park manager, and administrator; roles are assigned based on the job duties of the employee. SKIDATA and SFMTA employees are also assigned to user access profiles to perform maintenance and troubleshooting duties.

A review of the system access designations for current garage staff indicated that all of the employees, with the exception of one cashier, have access to perform functions in SKIDATA that are not necessary to perform their job duties, such as the ability to adjust the cash and coin balance reading in the pay stations. Although staff have this ability, any adjustments to the pay station balances would be logged in a SKIDATA activity journal.

Further, regardless of pay station balance reading adjustments, the SKIDATA daily system report would still reflect the amount of revenue collected and required for deposit. According to a SKIDATA representative, access levels can be customized to disable certain activities that are not necessary for job functions. Minimizing access only to the necessary system levels/functions decreases the risks of security incidents and breaches.

Additionally, we also identified three user logins that were not associated with an IMCO, SFMTA, or SKIDATA employee. A representative from SKIDATA indicated these accounts were used when SKIDATA was initially installed at the garage and can be removed upon approval from SFMTA.

Recommendation

The San Francisco Municipal Transportation Agency should:

6. Perform periodic reviews of access level designations against employee responsibilities to align system access job functions, and work with IMCO to identify and remove any inactive user accounts.

Finding 5

SFMTA Approved A Few Operating Expenses Billed that Were Not Fully Supported

The master agreement between SFMTA and IMCO includes invoicing provisions for the operator to seek reimbursement each month for specific operating expenses, such as payroll costs, utilities, maintenance, supplies, and contracted services. In order for an expense to be reimbursed by SFMTA, complete documentation must be submitted, including a detailed

statement listing all operating expenses incurred since the previous invoice, copies of all invoices, receipts or other evidence to support each listed expense, and evidence of payment of all items. The invoiced expenditure amounts are also reflected on the monthly summary reports (MSR), a report submitted by garage operators that summarizes the total monthly revenues and expenditures.

While our review of operating expense reimbursement processes conducted during four months in 2019 and 2020 found that IMCO generally provided sufficient supporting documentation to justify the reimbursement requisitions, we noted a few issues. Specifically, the May 2019 reimbursement for salary expenses did not include supporting payroll detail reports that typically accompany such reimbursement requests. Although underlying payroll detail was not included in the initial invoice, we subsequently reviewed the records and verified payroll charges were supported. Additionally, a May 2019 cell phone reimbursement of \$960 did not have any supporting documentation, such as a receipt or bill from the vendor. According to the garage operator and SFMTA, it was due to an oversight that the expenses were submitted and approved without adequate documentation.

Recommendation

The San Francisco Municipal Transportation Agency should:

7. Require all expenses be fully supported before reimbursement payments are approved to ensure expenses reimbursed to IMCO are allowable, supported, and accurate.

Finding 6

One of SFMTA's Parking Regulations Appears to Be Outdated and a Few Regulations Were Not Enforced

The implementation of the new SKIDATA parking revenue control system appears to have rendered certain SFMTA's parking regulations outdated, and some were not always enforced. A few examples include:

- Section 3(a) requires IMCO to reconcile the number of physical tickets with the amount of revenue collected to ensure the appropriate amount of revenue was received, a process previously necessary because ticket generation was separate from revenue collection. With the implementation of SKIDATA in 2018, the system generates the tickets and tracks the corresponding amount of revenue due; as a result, the physical ticket reconciliation process required by the parking regulations appears to be no longer necessary.

- Section 6.9 of the parking regulations requires SFMTA to impose a late fee of \$100 in liquidated damages for each day the MSR documenting revenue and expenditure activity is submitted after the 10th of the month. According to SFMTA staff, this parking regulation requirement was informally adjusted to require MSRs be submitted by the 15th of the month due to the increased invoice detail required to be submitted by the garage. However, this deviation from the parking regulation was not formally memorialized through an amendment to the lease agreement.
- Section 6.10(a) of the parking regulations requires budget² variances over 5 percent in a given month receive approval from SFMTA. While our comparison of the Fiscal Year 2019-2020 budget against corresponding expenses showed that total expenses were 29 percent less than budgeted, there were several individual budget line items that exceeded the 5 percent threshold, including:

Budget Category	Budget	Expense	Percent Increase
Vacation Pay	\$86,804	\$120,189	28%
Elevator maintenance and repair	\$11,019	\$17,311	36%
Refuse/scavenger	\$19,800	\$25,024	20%

According to SFMTA, while expenditures that exceed the 5 percent threshold are not formally approved on a monthly basis as required by the regulations, SFMTA staff closely review expenditures with the garage operator on a real-time and on-going basis and review year-over-year fluctuations.

According to SFMTA, language in the parking regulations has not been updated since they were established in 2011 to reflect SFMTA’s current and updated practices and systems, including many significant process changes resulting from the SKIDATA installation. According to SFMTA, efforts to update the parking regulations were curtailed by the public health emergency resulting from the COVID-19 pandemic, but revisions are currently underway and expected to be finalized by Fall 2021.

Recommendation

The San Francisco Municipal Transportation Agency should:

8. Move forward with plans to update the parking regulations to align with current practices or require garage operators to adhere to current parking regulations.

² On an annual basis, garage operators prepare an operating expense budget that is approved by SFMTA detailing the individual line-item budget for expenses related to labor, maintenance, supplies and services, and contracted services.

ATTACHMENT A: SFMTA RESPONSE



London Breed, Mayor

Gwyneth Borden, Chair
Amanda Eaken, Vice Chair
Steve Heminger, Director

Fiona Hinze, Director
Sharon Lai, Director
Manny Yekutieli, Director

Jeffrey Tumlin, Director of Transportation

August 30, 2021

Mark de la Rosa
Director of Audits
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject SFMTA Civic Center and St. Mary's Square Parking Garage Audits Reports

Dear Mr. de la Rosa:

We have reviewed the two draft reports, "Imperial Parking LLC, In General, Adequately Performed Operational Duties, but a Few Improvements Can Strengthen Its Operations at the Civic Center Parking Garage," and "IMCO Parking LLC, In General, Adequately Performed Operational Duties but a Few Improvements Can Strengthen Its Operations at the St. Mary's Square Parking Garage." We have included our responses to the recommendations in the attached documents. I would like to thank you and your audit team for the work conducted during these important audits.

If you have any questions or need additional information, please do not hesitate to contact me at (415)646-2522.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Tumlin".

Jeffrey Tumlin
Director of Transportation

Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled *Agency Response* whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Agency Response	CSA Use Only Status Determination*
The San Francisco Municipal Transportation Agency should:		
1. Require IMCO to expand its current processes to include a reconciliation between the amounts due per active monthly parking access card information reflected in SKIDATA with revenue deposited in the bank and provide the reconciliation to SFMTA.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff is working with IMCO to implement the added procedures, which will be in place by September 30, 2021.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
2. Collect \$3,572 in uncollected late fee revenue from IMCO for May 2019 and determine whether additional steps should be taken to calculate potential late fee penalties in other months. Require IMCO to implement procedures to ensure late fees are charged in accordance with parking regulations and incorporate any terms for waived late fees, if applicable.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff will follow up with IMCO and request an analysis of monthly parker payment timing for the full audit period. Staff will review IMCO's full analysis and determine by 10/30/21 the total amount of uncollected late fees owed by IMCO.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
3. Require IMCO to establish a process to reconcile SKIDATA information regarding the number of tickets used for customer validations and special event tickets against the amounts invoiced/charged and deposited and submit the reconciliation to SFMTA.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff is coordinating with IMCO regarding the updated procedures. New procedures will be in place by 9/30/2021.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

* Status Determination based on audit team's review of the agency's response and proposed corrective action.

Recommendation	Agency Response	CSA Use Only Status Determination*
4. Work with IMCO to ensure all manual gate lifts, including those initiated by IMCO staff at either the command center or on-site and by SKIDATA staff, are documented in the SharePoint exception log with sufficient explanations.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff is working with IMCO to confirm an acceptable documentation methodology for manual gate openings. A new procedure will be approved and in place by 9/30/2021.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
5. Require IMCO to establish a process to periodically review manual gate lifts reported in SKIDATA to verify gate lifts were adequately documented and appropriate.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff is working with IMCO to confirm an acceptable documentation methodology for manual gate openings. A new procedure will be approved and in place by 9/30/2021.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
6. Perform periodic reviews of access level designations against employee responsibilities to align system access job functions, and work with IMCO to identify and remove any inactive user accounts.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Beginning in September 2021, staff will coordinate with IMCO to complete a quarterly review of all IMCO staff access levels and subsequent purge of any unnecessary accounts.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
7. Require all expenses be fully supported before reimbursement payments are approved to ensure expenses reimbursed to IMCO are allowable, supported, and accurate.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff will ensure established procedures requiring full backup for all operating expenses are followed consistently.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
8. Move forward with plans to update the parking regulations to align with current practices or require garage operators to adhere to current parking regulations.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur Staff is in process with the Parking Regulations update. It will be completed by 10/31/2021.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

* Status Determination based on audit team's review of the agency's response and proposed corrective action.

ATTACHMENT B: IMCO PARKING LLC RESPONSE



September 9, 2021
Mark de la Rosa
Director of Audits
Office of the Controller
City and County of San Francisco

Subject: IMCO LLC, Saint Mary's Square Garage Audit

Dear Mr. de la Rosa,

Thank you for your time and we appreciate the effort spent by the city service auditor staff in this audit. We have reviewed the draft report and we concur with the recommendations and findings.

- The auditor recommended that IMCO expand its monthly parking reconciliation process to include monthly parking revenues. We will reach out to Ski data to see if they have a monthly report that shows how much revenue should be generated from all the valid monthly parkers at the lot. We will print it each month to include it in the monthly parking reconciliation process and compare it with the amounts deposited to the bank. We will furnish a copy of the monthly parking revenue reconciliation to SFMTA as requested.
- We concur that we did not always collect monthly parking late fees due to providing optimal customer service, especially to large group monthly accounts. Those account in some cases will account for about 90% of all the late fees not collected. Our oversight was not so much that we did not collect late fee case by case, but we did not get a written approval by the SFMTA. We will rigorously follow the agency's late fee policy and we will get written approval case by case if there is a need to waive late fees.
- We concur with the audit finding on validations and special event parking revenue reconciliation processes. For each special event for which we sell chaser tickets we reconcile the number of chaser tickets that were used with the total number sold, but we charge the client for all tickets requested. If a client asks for 80 chaser tickets, we will print 80 tickets for them for the specific date. The number of tickets requested are paid at either the Special event rate of \$25.00 or the daily rate of \$35.00. No matter how many of those tickets the client uses we are paid in advance and do not give refunds for any unused tickets. We will note the totals of Special Event Tickets sold and used and reconcile those totals against the revenue amounts deposited for review by the SFMTA as requested.
- We concur with the audit finding on manual gate lift exceptions reporting. Now, we have created a local excel form where staff logs each time someone manually lifts the gate. Management will be checking the form weekly and will provide the local form to SFMTA staff as part of the garage inspection process. We are also developing an online SharePoint exceptions log to be used by the command center to capture manual gate lifts, which will be regularly compared with the local exception log for each location.
- We concur with the audit finding that a few operating expenses billed to SFMTA were not fully supported. We will do a better job at ensuring that all reimbursement requests will have an invoice to back them up.
- We concur with the audit finding that several of SFMTA's parking regulations appear to be outdated and a few regulations were not enforced. We will work with SFMTA on identifying and updating the outdated regulations related to monthly budget percentage variances. In our quest to offer optimum customer service to our monthly parkers we would typically offer late fee exceptions to the parkers and waive the late fees. However, we have sometimes failed to get a written approval from SFMTA before we waive any late fees. We will do a better job in communicating with SFMTA to notify them of requested exceptions.

Sincerely,


Francisco J. Lira, Impark Operation Manager