

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Parking Key Deposits **November 6, 2019**

Report Number: 20-008
Audit Plan Number: 20-302

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SUMMARY OF COMPLAINT

On Sunday, August 11, 2019, the Municipal Auditing Department received a concern from a former monthly parker (Customer) in a downtown parking garage managed by PARK Roanoke. The Customer terminated his and his wife's accounts with Park Roanoke effective May 31, 2019, and alleged that although they had met the criteria, they had yet to receive the \$10 access key card deposit refunds for the two access keys. The Customer referenced an excerpt from the PARK Roanoke website stating "the key card deposit is refundable within 30 days of cancellation of the Monthly Parking Permit."

INVESTIGATION OBJECTIVES & CONCLUSIONS

1. To determine if access key card deposits were returned to eligible parkers within 30 days of contract cancellation.

No – We concluded that 57% of eligible customers in our sample (12 of 21 accounts) were not paid the refunds they were owed. None of the nine (9) refunds issued were paid within 30 days of terminating the accounts.

BACKGROUND

The City owns seven (7) parking garages and several parking lots that provide parking in the downtown area with a total of 3,997 available spaces. Currently, only garages require a key card for access. The City outsources the management of all seven (7) garages and four (4) lots to Reef Technology, operating under the name PARK Roanoke:

Garage/Lot	Address	Available Spaces
▶ Market Garage	25 Church Avenue	502
▶ Campbell Garage	355 Campbell Avenue	353
▶ Church Avenue Garage	121 Church Avenue	857
▶ Center in the Square Garage	11 East Campbell Avenue	203
▶ Elmwood Park Garage	402 Williamson Road	676
▶ Tower Garage	10 South Jefferson Street	691
▶ Gainsboro Garage	25 Shenandoah Avenue	358
▶ Warehouse Row Lot	123 Salem Avenue	44
▶ Elmwood Lot	197 Bullitt Avenue	160
▶ Market Lot	Kirk & Church Avenue	52
▶ Higher Ed Center Lot	23 Centre Avenue	101

Any customers wishing to become “monthly” parkers complete and submit a Monthly Parking Permit Application & Agreement (Agreement). According to the PARK Roanoke website, payments can be made monthly via cash, check, credit card, debit card, or automatic bank draft. Related to the key card deposit, the Agreement indicates: “A \$10.00 key card deposit will be charged the first month for each key card at account set-up.” The Agreement also states that key card deposits will be returned within 30 days of account cancellation if:

- The account is paid in full
- Written notice of cancellation is provided prior to the 15th of the month of cancellation
- The key card is returned

PARK Roanoke purchases key cards at a cost of \$2.21 apiece.

Objective 1: Access Key Card Deposit Refunds

Objective: To determine if access key card deposits were returned to eligible customers within 30 days of contract cancellation.

No

Scope: Individual customers whose accounts were terminated during Fiscal Year 2019.

Results: We met with the General Manager of PARK Roanoke to learn more about the process for key deposits, refunds and deactivations. Based on this preliminary discussion, as well as our review of the website and parking agreement, we determined the following:

- Key deposits have been required since at least 2002.
- Deposits were intended to serve as an incentive to return key cards.
- Most other parking systems managed by the contractor do not require a key deposit and instead assess a one-time, non-refundable fee.
- Processing refunds is a time-consuming, batch process requiring written check requests that must be signed by the Assistant City Manager for Community Development.

We also asked about the written log of complaints, injuries, accidents, safety/security events, and damage to facilities that the City's contract required management to maintain. We expected that such a log would provide a record of all past complaints related to late refunds. Based on experience, the Assistant City Manager for Community Development believed requiring management to log all of the varied incidents that occur on any given day in a parking operation would waste time that would be more effectively and productively used addressing specific issues. He believed that frequent meetings with the General Manager, inspections of the garages, and the propensity of customers to contact his office directly about issues provided an effective means of monitoring operations without requiring a log.

In the absence of records documenting complaints about refunds, we selected a sample of 60 individual customers who terminated their monthly contracts with PARK Roanoke during Fiscal Year (FY) 2019. Based on our detailed review of the records, we determined 21 of 60 customers (35%) were eligible to receive a key card deposit refund:

- 12 of the 21 eligible customers (57%) were not paid the refund they were owed
 - Ten (10) refunds were never initiated
 - Payment vouchers were prepared for two (2) accounts but never processed
- One (1) of 39 ineligible customers received a refund despite having not returned the key

PARK Roanoke refunded key card deposits to ten (10) terminated customers in our sample of 60; however none of the refunds were paid within 30 days of termination:

- Average number of days to receive refund was 97 days
- Median number of days to receive refund was 87.5 days
- Refunds were issued from 39 days up to 181 days
- Two (2) customers received refunds 181 and 175 days after termination

Based on our review of the key deposit process, and the results of our sample testing, we conclude that PARK Roanoke has not been meeting its obligation to refund customer deposits within 30 days of termination. We also observe that the key deposit program is not cost effective given the time and expense required to process refund checks compared to the cost of replacement key cards (\$2.21). The loss of revenue from forfeited refunds should be more than offset by assessing a one-time fee for each card issued. Providing convenient means for customers to return cards, such as drop boxes at garage exits, would likely be more effective and efficient than the current deposit program. New policies to stop accepting advance payments of monthly parking fees, combined with elimination of key refunds, would significantly reduce the number of check requests prepared by PARK Roanoke staff. This would also reduce the workload in the City's Accounts Payable department, where these checks are produced.

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan – Written Complaint Log	
<p>As part of its annual review and amendment of the City’s contract with Lancor Parking, LLC related to Fiscal Year 2021, the administration will review the current contract language and modify it accordingly to make this requirement at the discretion of the City’s contract manager. It is anticipated that this amendment process would be concluded by July 1, 2020.</p>	
Assigned To	Target Date
Brian Mann, Enterprise Administrator	July 1, 2020

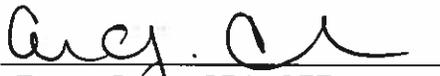
Management Action Plan – Parking Refunds	
<p>The Administration will work with the parking operator to initiate changes in policies and procedures in a systematic way that will change the ‘deposit’ system’ to an ‘account activation’ fee to cover the costs of the monthly access cards; for existing monthly accounts upon which a card deposit is currently held, the Administration will work with the parking operator to provide a method of ‘credit’ or ‘pay-out’ of the deposit amounts to the customers’ accounts. Initiation of these changes is anticipated to begin in January, 2020. Completion of the transition of existing deposits to account credits and / or payouts to existing customers is expected by June 30, 2020.</p>	
Assigned To	Target Date
Brian Townsend, Assistant City Manager	July 1, 2020
Brian Mann, Enterprise Administrator	

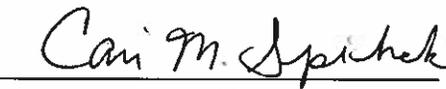
MANAGEMENT COMMENTS

None provided.

ACKNOWLEDGEMENTS

We would like to thank PARK Roanoke management and staff, as well as the Assistant City Manager for Community Development, for their assistance and cooperation during this investigation.


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