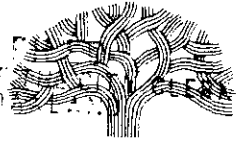


CITY OF OAKLAND

OFFICE OF
CITY AUDITOR



2004 OCT 12 PM 12:30

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Council Meeting Date: October 26, 2004

HONORABLE IGNACIO DE LA FUENTE, PRESIDENT
AND MEMBERS OF THE CITY COUNCIL
OAKLAND, CALIFORNIA

Attn: Finance and Management Committee

Attn: Public Works Committee

**SUBJECT: PERFORMANCE AUDIT OF THE MANAGEMENT AGREEMENT
BETWEEN THE CITY OF OAKLAND AND THE MONTCLAIR BUSINESS
ASSOCIATION REGARDING THE OPERATIONS OF THE MONTCLAIR PARKING
GARAGE**

The attached report focuses on compliance with the contract provisions regarding the operations of the Montclair Parking Garage for the five years from January 1, 1999 through December 31, 2003. We conducted our audit in accordance with Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The independence of the City Auditor is established by the City Charter.

Prepared by:

Issued by:

Philip Lim
Deputy City Auditor

Roland E. Smith, CPA, CFS
City Auditor

Fieldwork completion date: January 29, 2004

Issue Date: October 7, 2004

Attachment

Item No. _____
Finance and Management Committee
Public Works Committee

October 26, 2004
04-003

MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT

For the Five Years from January 1, 1999 through December 31, 2003

OFFICE OF THE CITY AUDITOR
CITY OF OAKLAND

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

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**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**

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BACKGROUND

The Montclair Parking Garage (Garage) is owned by the City of Oakland (City). The Garage exists to serve the retail and commercial needs of the Montclair Village district of Oakland, California.

The Garage is located at the northeast corner of LaSalle Avenue and Lucas Avenue. The Garage is a three-level enclosed parking structure and has 309 parking spaces.

The Management Agreement for the Montclair Parking Garage was authorized on February 20, 1990 with the approval of Resolution No. 66874 C.M.S. by the Oakland City Council. This management and operation agreement designated the Montclair Business Association as the manager of the Montclair Parking Garage. The City can terminate the Management Agreement with thirty days written notice.

The City of Oakland is also the owner of a parking lot with 29 parking spaces located near the intersection of Scout Road and Mountain Boulevard. This lot, known as the Scout Road Parking Lot, was purchased on February 15, 1994 and the Montclair Business Association was subsequently designated as the manager.

The Montclair Business Association (Manager) was established to improve and promote the Montclair Village. In early 2001, the Board of Directors of the Montclair Business Association, in order to better address the various issues that are relevant to the Montclair Village, began the process of creating a Business Improvement District for the Montclair Village. A Business Improvement District (BID) is an assessment district which is tied to the annual City of Oakland business licenses.

The Montclair Village BID was established on November 27, 2001 and it includes all business license holders within the commercial corridors of the Montclair Village. The establishment of the BID, however, precluded the Montclair Business Association from managing the BID as its bylaws and articles of incorporation were not conducive to managing the new special assessment district. As a consequence, on January 8, 2002, a new organization was incorporated as a non-profit public benefit corporation, called the

**MONTCLAIR PARKING GARAGE
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**BACKGROUND
(continued)**

Montclair Village Association. This new corporation was charged with managing the BID. The Montclair Village Association, operating under the original management and operation agreement, also assumed responsibility for the management and operation of the Montclair Parking Garage and the Scout Road Parking Lot.

The Public Works Agency, Transportation Services Division, monitors the Garage operations and administers the Management Agreement for the City.

Revenues from operations of the Montclair Parking Garage and the Scout Road Parking Lot are remitted directly to a City of Oakland bank account by the Montclair Village Association. Expenses for the facilities are paid for by the Montclair Village Association and reimbursed by the City of Oakland on a monthly basis.

The following table is a synopsis of the financial performance of the Garage over the five annual periods under audit:

<u>Year Ended</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>
December 31, 1999	\$368,183	\$137,081	\$231,102
December 31, 2000	\$376,603	\$156,545	\$220,058
December 31, 2001	\$428,028	\$166,032	\$261,996
December 31, 2002	\$471,397	\$168,535	\$302,862
December 31, 2003	\$507,271	\$166,605	\$340,666

See Exhibit 1 for further details as presented on the Statement of Revenues and Expenses for the annual periods from January 1, 1999 through December 31, 2003.

OBJECTIVES

The objectives of our audit were to:

1. evaluate the methods utilized by the Montclair Village Association to ensure compliance with the Management Agreement;
2. evaluate the operational relationship between the City and the Montclair Village Association for the performance of the Management Agreement; and

**MONTCLAIR PARKING GARAGE
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3. determine if adequate controls exist for the Garage to provide for the safeguarding of assets, segregation of duties, and the proper collection, recording and timely processing of monthly parking and hourly parking.

**SCOPE AND
METHODOLOGY**

We conducted our audit in accordance with Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, competent and relevant evidence to provide a reasonable basis for our findings and conclusions. Our audit covered the annual periods from January 1, 1999 through December 31, 2003. We performed tests of compliance with the Management Agreement. Tests of compliance with payment of the Living Wage rate to employees were also performed

In conducting our audit, we observed:

1. the parking attendant at the ticket booth collecting money from hourly parking patrons;
2. the entry and exit of monthly parking patrons at the Montclair Parking Garage; and
3. the bookkeeper reconciling the dispensed tickets to the cashiers' report at the Montclair Village Association's office.

We obtained, tested and analyzed financial and contractual documentation relating to the Montclair Parking Garage and the Scout Road Parking Lot. We also performed visual inspections of these facilities.

We made inquiries about Garage management and operations to Montclair Village Association board members and individuals responsible for bookkeeping and working in the parking attendant booth. Inquiries were also made of City staff responsible for enforcing the Management Agreement, including those from the Transportation Services Division and the Community and Economic Development Agency. Requests for documentation were made to the Office of the City Clerk.

**MONTCLAIR PARKING GARAGE
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***FINDINGS AND
RECOMMENDATIONS***

Finding #1

The Oakland Living Wage Ordinance

The Oakland Living Wage Ordinance (Ordinance) is confusing with respect to the effective date of the Living Wage rates. The effective date is the date when the Garage Manager shall begin paying employees wages based on the adjusted Living Wage rates. Also, the City department responsible for timely notification to the Manager is not specified in the Ordinance. Accordingly, two separate City departments have issued conflicting instructions to the Manager in different years. Moreover, the instructions have been issued later than the prescribed date of April 1 of each year. The Manager is subject to penalties for not implementing the Living Wage rates on time.

As a result of the confusion and conflicting instructions, we were unable to determine whether the Manager was in compliance with the Living Wage rate for five of the months that we tested.

The Ordinance prescribes the Living Wage rates and other compensatory matters that contractors and other affected parties, under certain conditions, must comply with.

**Two type of Living
Wage rates**

There are two types of Living Wage rates a contractor or other affected party can select from each year:

1. a wage rate when the contractor or other affected party provides health benefits in addition to wages; and
2. a higher wage rate when the contractor or other affected party does not provide any health benefits in addition to wages.

The Manager utilized method number 2.

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Finding #1 (continued)

The Ordinance does not clearly state whether the adjusted rates shall be effective on April 1 or July 1 of each year. Section 3, part (a) of the Living Wage Ordinance states in part:

“The City shall publish a bulletin by April 1 of each year announcing the adjusted rates, which shall take effect upon such publication. Said bulletin will be distributed to all City agencies, departments and offices, City contractors and CFAR’s upon publication. The contractor shall provide written notification of the rate adjustments to each of its employees and to its subcontractors, who shall provide written notices to each of their employees , if any, and make the necessary payroll adjustments by July 1.”

(Underlining added.)

**Conflicting instructions
from separate City
departments**

The City was responsible for timely distribution to the Manger a bulletin announcing the adjusted Living Wage rates each year.

1999

The Traffic Engineering & Parking Division sent a letter to the Manager dated July 28, 1999 notifying the Manager the Living Wage rates increased effective April 1, 1999. The new rates were \$8.30 with health benefits and \$9.55 without. The letter contained instructions to adjust wages retroactive to April 1, 1999.

2001

A separate department, the Contract Compliance & Employment Services Division, sent a letter dated August 29, 2001 notifying the Manager of the Living Wage rate increase and other provisions of the ordinance. The new rates were \$9.13 with health benefits and \$10.50 without. There was no indication of the effective date of the new Living Wage rate in the letter.

2002

The Transportation Services Division (formerly named Traffic Engineering & Parking Division) sent a letter dated September 6, 2002 notifying the Manager the Living Wage rates increased effective July 1, 2002. The new rates were \$9.45 with health benefits and \$10.87 without. The letter stated the rates were effective July 1, 2002.

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2000 and 2003

There was no correspondence on file at the Transportation Services Division office regarding notification of the Living Wage rates for 2000 and 2003.

The information described above regarding the letters available on file is summarized as follows:

Date of letter	Effective date of Living Wage rate	Sending division	Retroactive to effective date
July 28, 1999	April 1, 1999	Traffic Engineering & Parking	Yes
August 29, 2001	Not specified	Contract Compliance & Employment Services	Not specified
September 6, 2002	July 1, 2002	Transportation Services*	Not specified

*formerly named Traffic Engineering & Parking

Two of the three notification letters were dated after the stated effective date of either April 1 or July 1.

Potential penalties for noncompliance

The Manager is subject to penalties for violating any provision of the Living Wage Ordinance including failure to implement the current wage rates by the effective date. Section 13, part c(4) of the Living Wage Ordinance states one type of penalty:

“A fine payable to the City of Oakland in the sum of \$500 for each week for each employee found not to have been paid in accordance with this Ordinance;”

Compliance with Living Wage rate

We sampled two months in each of the five years under audit for compliance with the Living Wage rate component of the Living Wage Ordinance. As a result of the confusion and conflicting instructions regarding the effective date, we were unable to determine whether the Manager was in compliance with the Living Wage rate for five of the months that we tested. Our findings are summarized in the following table:

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Finding #1 (continued)

Sample month & year	Lowest rate paid to employee(s)	Rate in sample month if effective date is April 1	Effect if April 1	Rate in sample month if effective date is July 1	Effect if July 1
May 1999	\$9.25	\$9.55	Underpaid	\$9.25	Compliance
May 2000	\$9.55	\$9.95	Underpaid	\$9.55	Compliance
June 2001	\$9.95	\$10.50	Underpaid	\$9.95	Compliance
May 2002	\$10.50	\$10.87	Underpaid	\$10.50	Compliance
May 2003	\$10.87	\$11.02	Underpaid	\$10.87	Compliance

Wages based on the Living Wage rate were not paid to employees in the test months of July 2002 and December 2003 regardless of the effective date of the Living Wage rate in those years. Information on these sample months is presented as follows:

Sample month & year	Lowest rate paid to employee(s)	Rate in sample month if effective date is April 1	Effect if April 1	Rate in sample month if effective date is July 1	Effect if July 1
July 2002	\$10.50	\$10.87	Underpaid	\$10.87	Underpaid
Dec. 2003	\$10.87	\$11.02	Underpaid	\$11.02	Underpaid

The Living Wage rates presented in the tables are the rates without health benefits.

**MONTCLAIR PARKING GARAGE
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Recommendation for Finding #1

We recommend that:

- a. the City Council revise the Ordinance to clearly state when contractors and other affected parties shall begin paying their employees wages based on the adjusted Living Wage rates. This date is the effective date, which should be specified as April 1 or July 1 of each year;
- b. the City Council revise the Ordinance to clearly state when the bulletin announcing the adjusted Living Wage rates is to be published by. This date is the publication date, which should precede the effective date by at least two months for contractors and other affected parties to budget for and implement the adjusted rates;
- c. the City Administrator designate the City department that is responsible for timely distribution of the adjusted Living Wage rates bulletin to all other City departments; and
- d. the City Administrator designate the City department that is responsible for timely distribution of the adjusted Living Wage rates bulletin to contractors or other affected parties.

Finding #2

Master Fee Schedule effective date

There were lapses in time between the effective date of new parking rates listed in the City Master Fee Schedule and the date of implementation at the Montclair Parking Garage.

The City Master Fee Schedule, which is published annually, contains a listing of the fees that are to be charged for receiving City services. These fees include hourly parking rates at City-owned garages, such as the Montclair Parking Garage.

Although the Master Fee Schedule generally has an effective date of July 1 of each year, it is not published until after July 1.

**MONTCLAIR PARKING GARAGE
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Finding #2 (continued)

When there were parking rate changes, as prescribed by the City Master Fee Schedule, the Manager required lead time to have new signs made and the ticketing equipment reprogrammed.

For some rate changes, the Manager collected revenue based on the new parking rate changes beginning one month or more after the effective date, as summarized in the following table:

Effective date of rate change per Master Fee Schedule	Implementation date of rate change by Manager	Delay
July 1, 1999	Change in rate for Scout Road Parking Lot fees: August 1999	Yes
	Change in rate for one-month prepayments for monthly parking at the Montclair Parking Garage: August 1999	Yes
	Change in rates for six and twelve-month prepayments for monthly parking at the Montclair Parking Garage: September 1999	Yes
July 10, 2001	Change in rate for Scout Road Parking Lot fees: July 2001	No
	Change in rate for hourly parking rates at the Montclair Parking Garage: August 2001	Yes
	Change in rates for one and six-month prepayments for monthly parking at the Montclair Parking Garage: July 2001	No
	Change in rate for twelve-month prepayments for monthly parking at the Montclair Parking Garage: August 2001	Yes
July 1, 2003	Change in rate for Scout Road Parking Lot fees: July 2003	No
	Change in rate for hourly parking rates at the Montclair Parking Garage: July 2003	No
	Change in rate for monthly parking fees at the Montclair Parking Garage: July 2003	No

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Finding #2 (continued)

The parking rate setting process is summarized as follows:

1. In early spring, the Transportation Services Division proposes parking rate changes to the Budget Office.
2. An Agenda Report is prepared for a public hearing on the new rates. The report includes attachments showing the revised parking rates and is normally available to the public ten days before consideration by the City Council.
3. A public hearing is held at least two weeks prior to the adoption of the Master Fee Schedule by the City Council.
4. The City Council is required to approve the Master Fee Schedule before the start of the fiscal year beginning July 1.
5. The parking rates in the Master Fee Schedule generally take effect on July 1.
6. The Master Fee Schedule is published in July or early August.

Although the Master Fee Schedule is not published until after July 1, the Transportation Services Division is aware in early spring of what the new parking rates will likely be.

Recommendation for Finding #2

We recommend that:

- a. the Transportation Services Division notify the Manager of the potential parking rate changes when the proposal is made to the Budget Office in early spring; and
- b. the Manager prepare new signs and arrange for programming changes to the ticketing equipment upon notification of the proposed rate changes by the Transportation Services Division.

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Finding #3

Expiration of original term of contract

The original term for the Management Agreement has expired, and the Agreement continues to be in effect on a month-to-month basis. As a result, it has not been brought current regarding various City requirements.

According to the Agreement, the term of service for the Montclair Business Association to manage the Montclair Parking Garage was from April 1, 1990 to March 31, 1993. Instructions on how to extend the Management Agreement in one-year increments were provided in the contract. The most recent one-year extension expired on March 31, 1995. Since that time, the Agreement has been in effect on a month-to-month basis pursuant to Section II, part 39 of the Agreement:

“In the event that Manager shall hold over after the termination of this Agreement, such holding shall be construed to be by Agreement only from month to month, at the fee set forth in Paragraph 7 hereof, and otherwise upon the same terms and conditions as in this Agreement specified.”

Because more than fourteen (14) years have elapsed since its April 1, 1990 effective date, the Agreement needs to be brought current with numerous City contract provisions, including those the City Council approved in December 2001. The latter are on file with the Office of the City Auditor and the Office of the City Attorney.

We identified the following areas that need to be brought current:

- a. liability and property damage insurance coverage;
- b. annual budgets;
- c. double-entry bookkeeping system;
- d. filing of amendments to the Agreement; and

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e. retention of hourly parking tickets and other accounting records.

Item d. is discussed separately in Finding #4, and the retention of hourly parking tickets in item e. is discussed in Finding #5.

Insurance coverage

Section II, part 27 of the Agreement requires the Manager to maintain liability and property damage insurance coverage in specified minimum amounts:

“Manager shall, during the continuance hereof, maintain in full force and effect a general liability insurance policy or policies issued by an insurance company satisfactory to the City Traffic Engineer and in form approved by the City Attorney. Policy or policies shall afford liability insurance covering all operations, including but not limited to, premises, products, personal injuries, automobile, and injury to property (including garage-keeper’s legal liability) for single limit of not less than \$1,000,000.00 applying to bodily injuries, personal injuries, and property damage (including garage-keeper’s legal liability), or a combination of such injuries.”

Since the agreement does not require the Manager to keep current these minimum amounts, the City may be at risk.

Annual budgets

Section II, part 6A of the Agreement requires the Manager to prepare an annual budget for approval by the City Traffic Engineer:

“Manager shall prepare annual budget for approval by the City Traffic Engineer detailing all expected expenses associated with the operation and maintenance of the Facility...Substantial deviation from the approved budget will not be allowed without approval by the City Traffic Engineer.”

However, the City waived this requirement by letter dated March 30, 2000. As a result, the City has lost an important tool for controlling expenses.

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Finding #3 (continued)

The books and records pertaining to the Montclair Parking Garage need to be improved.

**Double-entry
bookkeeping**

Section II, part 3B of the Agreement requires the Manager to keep accurate accounting records:

“Manager shall keep accurate accounts of all revenue derived from any and all operations under this Agreement...”

“...The City Auditor, or his/her authorized representative, shall have the right to examine the books and records of the Manager at any and all reasonable times for the purpose of auditing same, and may prescribe the forms for keeping such accounts.”

The Manager was not utilizing a double-entry bookkeeping system for the Garage. The double-entry bookkeeping system is the method to be used by contractors as described in the City Auditor’s list of recommended Contract Provisions.

Recommendation for Finding #3

In order to bring the contract current, the City should enter into a new Management Agreement. The Agreement should include, but not be limited to, the following requirements:

- a. keep current the minimum liability and damage insurance coverage;
- b. submit annual budgets to the City;
- c. maintain a double-entry bookkeeping system;
- d. file amendments to the Agreement with the Office of the City Clerk; and
- e. retain hourly parking tickets and other accounting records for four years.

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Finding #4

Amendments to the Management Agreement

Documents authorizing amendments to the Management Agreement were not filed with the Office of the City Clerk. There was no requirement in the Management Agreement to do so.

Documentation regarding changes to the provisions of the Management Agreement was filed at both the Montclair Village Association office and with the Transportation Services Division.

Recommendation for Finding #4

We recommend that:

- a. the new Management Agreement require that the Agreement itself and all subsequent amendments be on file with the Office of the City Clerk; and
- b. documentation of amendments to the Agreement already authorized be attached to the Management Agreement and filed with the Office of the City Clerk.

Finding #5

Storage of hourly parking tickets

The Management Agreement needs to be revised to require that dispensed tickets be retained for a period of four (4) years, rather one (1) year.

The dispensed tickets were the tickets hourly parking patrons pulled from the ticketing machine to enter the Garage and gave to the parking attendant before they exited. Section II, part 3B of the Management Agreement states in part:

“Dispensed and collected tickets shall be arranged by date and stored for a minimum of one year by Manager and shall be made available to the City Auditor for review and audit.”

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Finding #5 (continued)

The Montclair Village Association adhered to the storage of dispensed tickets for a minimum of one year. The tickets were generally discarded on a monthly basis as twelve months of storing them elapsed. Lack of space was cited as a reason for discarding the dispensed tickets. The dispensed tickets for all of 1999, 2000 and parts of 2001 and 2002 were not available for audit.

Recommendation for Finding #5

We recommend that:

- a. the dispensed tickets be stored for a minimum of four years. An amendment authorizing the increased storage time should be attached to the Management Agreement on file with the Office of the City Clerk; and
- b. a new Management Agreement have a provision for the storage of dispensed tickets for four years.

Finding #6

Application of parking rates

There was inconsistent application of new parking rates at the Montclair Parking Garage and the Scout Road Parking Lot.

The City Council annually approved a Master Fee Schedule during the five years under audit. The Master Fee Schedule included the parking rates that should be charged for the Montclair Parking Garage and the Scout Road Parking Lot. Section II, part 19 of the Management Agreement states in part:

“Manager shall charge such rates as approved by the City Council and set forth in the City of Oakland Master Fee Schedule.”

The parking rates changed biennially in July of 1999, 2001 and 2003 for the Montclair Parking Garage and the Scout Road Parking Lot during the years under audit. The Transportation Services Division sent correspondence to the Manager following the issuance of the Master Fee Schedules in 1999, 2001, and 2003.

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Finding #6 (continued)

These letters informed the Manager of the new parking rates based on the approved Master Fee Schedule. Some of the parking rates the Transportation Services Division provided in July 1999 and July 2001 to the Manager conflicted with those published in the Master Fee Schedule. For example, the Master Fee Schedule for July 2001 states monthly parking can be prepaid for twelve months at a discounted rate of \$55 per month. The corresponding letter from the Transportation Services Division to the Manager states discounts were prohibited although patrons could prepay. Exhibit 2 presents a summary of the differences in parking rates found.

We sampled two months of financial reports from 1999 and 2001 to determine which rates were charged. The Manager followed the rates with instructions from the Transportation Services Division.

Recommendation for Finding #6

The Transportation Services Division should provide a copy of the pages in the Master Fee Schedule showing the parking rates for the Montclair Parking Garage and the Scout Road Parking Lot. These copies would be in addition to the letters informing the Montclair Village Association of the new rates.

Finding #7

Entry without monthly access cards

Monthly parking patrons were not charged for hourly parking when they did not bring their monthly access cards to the Montclair Parking Garage.

The monthly access cards are read by a machine which raised the arm on the entry gate. Monthly parking patrons who did not bring their monthly access cards pulled an hourly parking ticket from the dispenser to enter the Garage. Upon exiting, the patrons signed and wrote their monthly access card number on the ticket. The parking attendant voided the ticket and allowed them to exit based on recognition of these individuals as monthly parking patrons. Three days of dispensed tickets were sampled from calendar years 2001 and 2002 to determine the number of these voided tickets on those days. Four days were sampled from calendar year 2003 for the number of these voided tickets as well. The average number of

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Finding #7 (continued)

these voided tickets over the three days sampled was 4.67 in 2001 and 4.67 in 2002. The average number of these voided tickets over the four days sampled from 2003 was 4.50.

Recommendation for Finding #7

The Montclair Village Association should discontinue the practice of allowing monthly parking patrons who do not have their monthly access cards to exit the Garage without paying the hourly rate. The parking attendants should give warnings the next two occurrences and then enforce the requirement to pay if patrons enter without their monthly access cards. A notice posted in a visible area of the ticket booth may be beneficial as well.

Finding #8

Number of monthly parking patrons

In certain months, there were more monthly parking patrons than the number of parking spaces at the Montclair Parking Garage.

The Montclair Parking Garage had months with more paid monthly parking patrons than spaces were available. However, the Montclair Village Association was abiding by the prescribed maximum number of monthly parking patrons which was 320. This limit was prescribed by the Supervising Transportation Engineer in a letter dated March 30, 2000. A reason cited for designating the limit at 320 was many of the monthly parking patrons used the Garage infrequently. These patrons did not park from morning until evening on a daily basis. The monthly average number of monthly parking patrons at the Montclair Parking Garage for each year under audit was:

	<u>Calendar Year</u>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Monthly Average	324	301	307	316	317

The Montclair Parking Garage has 309 parking spaces on three levels. The City's Transportation Services Manager instructed that monthly parking patrons were not allowed to park on the first level. However, vehicles of hourly parking patrons did not have

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Finding #8 (continued)

hangtags to distinguish them from vehicles of monthly parking patrons. Also, there was only one parking attendant on duty who could not systematically leave the ticket booth to check on vehicles parked on the first level.

During occasions when the Garage began to fill to capacity, monthly parking patrons had priority over hourly parking patrons to park on the first level. This was a management decision.

The ticketing equipment generates a computer report showing the entry and exit of monthly parking patrons when the monthly access cards were used. The computer reports of one day each year in 2001, 2002, and 2003 were sampled to determine the number of monthly parking patrons utilizing the Garage on those days and the length of their stay. The findings are analyzed as follows:

Year of Sample Date	Number of times monthly access cards were used to enter the Garage	Number of times the same monthly access cards were used to enter more than once during the day	Number of times monthly access cards were used with a duration between entry and exit of seven hours or more
2001	262	49	117
2002	262	37	130
2003	271	45	134

The Garage had 38% of the 309 parking spaces on the sample date in 2001 occupied by the same holder of a monthly access card for seven hours or more. The percentages are 42% and 43% on the sample dates for 2002 and 2003 respectively. Since monthly parking patrons were not allowed to park on the first level, the number of parking spaces available to them should have been less than the 309 spaces. This would leave fewer available spaces for the other monthly parking patrons who parked less than seven hours.

The rule not allowing monthly parking patrons to park on the first floor is difficult to enforce. Hourly parking patrons collectively may park in the Montclair Parking Garage more frequently if they

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knew parking would be available for them. Documentation prepared by City staff in 1989 and 1997 noted the Montclair Parking Garage was constructed to provide parking for shoppers and business clients. Monthly parking was to be made available in excess of hourly-parking demand.

Recommendation for Finding #8

We recommend the Transportation Services Division perform an in-depth study to review the current maximum number of monthly parking patrons allowable per month at the Garage.

Finding #9

Early closure of ticketing equipment

The evening shift parking attendant closed down the ticketing equipment and cash register before the assigned closing time of the Garage.

The Montclair Parking Garage closed at 9:00 p.m. on weeknights in 2001 and 2002 and at 8:30 p.m. in 2003. The evening shift parking attendant closed out the operation of the ticketing equipment and cash register prior to these assigned closing times. This finding is based on testing sample days of dispensed tickets and inquiries of management. The evening shift parking attendant prepared the cashiers' report detailing the tickets issued and money collected up to the time the ticketing equipment and cash register were closed out.

The ticketing equipment prints the time out of the Garage and calculates the amount due. When patrons exited after the ticketing equipment was not used, but before the assigned closing time of the Garage, their tickets did not have the exit time and amount printed on them. Instead, the evening shift parking attendant handwrote the amounts due on these tickets and used a button on the gate to lift the arm allowing the patrons to exit. This procedure was in effect for the safety of the evening shift parking attendant. The prompt closure of the Montclair Parking Garage allowed the evening shift parking attendant to depart from the Garage in a timely manner.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

Recommendation for Finding #9

We recommend that the evening shift parking attendant not close out the ticketing equipment and cash register until the assigned closing time of the Montclair Parking Garage. The cashiers' report should be prepared after the closing time. The evening shift parking attendant should be paid for the time worked performing duties beyond the assigned closing time of the Montclair Parking Garage.

Finding #10

Change in Garage operating hours

The Montclair Parking Garage operating hours varied from the operating hours listed in the Management Agreement.

The Garage operating hours as stated in the Management Agreement are from 7:00 a.m. to 9:00 p.m. Monday through Friday. The Management Agreement also states the Garage is to open on Saturday from 7:30 a.m. to 9:00 p.m.

According to inquiries of the Manager and examining the placard posted at the Garage, the Garage operated under the following hours during the five years:

<u>Year</u>	<u>Day</u>	<u>Hours</u>
1999 to	Mon.-Fri.	7:00 a.m.-9:00 p.m.
2002	Sat.	7:00 a.m.-9:00 p.m.
	Sun.	10:00 a.m.-6:00 p.m.
2003	Mon.-Fri.	7:00 a.m.-8:30 p.m.
	Sat.	7:00 a.m.-8:00 p.m.
	Sun.	10:00 a.m.-6:00 p.m.

These hours were different than the hours listed in the Management Agreement.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

Recommendation for Finding #10

Changes in operating hours should be documented. The documentation should be attached to the Management Agreement on file with the Office of the City Clerk. The procedure and documentation required for making subsequent changes to the hours of operation should be included in a new Management Agreement.

Finding #11

Separation of duties

The administrator at the Montclair Village Association was responsible for recording financial transactions, handling all cash and checks, and changing the parking rates as instructed by the Transportation Services Division. These procedures did not provide sufficient internal controls.

The administrator prepared the monthly financial reports sent to the Transportation Services Division. The reports included information on revenues and expenses for the Montclair Parking Garage and the Scout Road Parking Lot. The report on expenses required an additional signature by a board member of the Montclair Village Association.

The administrator also:

- a. reconciled cash from hourly parking revenue.
- b. received checks from monthly parking fees and activated the monthly access cards for entry and exit from the Garage.
- c. recorded the cash and check transactions into the ledger.
- d. completed the deposit slips and took deposits to the bank.

The administrator was also instructed by the Transportation Services Division to ensure the parking rates were changed on the ticketing equipment and signage whenever the Master Fee Schedule changed. Vendors were to be hired to perform these tasks. The administrator was in charge of contacting the vendors

**MONTCLAIR PARKING GARAGE
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For the Five Years from January 1, 1999 through December 31, 2003

and also informing monthly parking patrons of the new monthly parking rates.

Recommendation for Finding #11

The Montclair Village Association board of directors should implement a system of internal controls which alleviates the level of concentration of duties.

Finding #12

Reports from ticketing equipment

A control mechanism for maintaining the roster of active monthly parking patrons was discontinued.

The individual with the Montclair Village Association responsible for activating and issuing monthly access cards to monthly parking patrons also collected and deposited the monthly fees received from them. The individual was also responsible for maintaining a roster of monthly parking patrons. The monthly parking patrons were identified by the number associated with the monthly access card. The monthly access cards were activated through the ticketing equipment in the Montclair Parking Garage.

The ticketing equipment had the capability to print a report listing all the active monthly access cards outstanding as of that printing. The report can be used to compare activated monthly access card numbers to the roster of monthly parking patrons who have paid for that month. City staff went to the Montclair Parking Garage to print these reports in the past, but discontinued to do so.

Recommendation for Finding #12

The Transportation Services Division should go to the Garage at an undeclared frequency and print the active monthly access card report.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

Finding #13

Maintenance of Garage

The Montclair Parking Garage was clean and well maintained.

Section II, part 14 of the Management Agreement states in part:

“Manager agrees to be responsible for and diligently pursue all areas of cleaning of the Facility...”

The Manager kept the Garage well maintained. The paints of the parking-stall lines were visible. The landscaping around the Garage was well maintained by the hired contractor.

Recommendation for Finding #13

None.

CONCLUSION

The Oakland Living Wage Ordinance is confusing with respect to the effective date of the Living Wage rates and needs to be clarified.

The term of service to manage, operate and maintain the Montclair Parking Garage as stated in the Management Agreement was from April 1, 1990 through March 31, 1993. This Management Agreement still is currently in effect with amendments as operating conditions have changed. Any subsequent amendments to the original Management Agreement should be attached to the Management Agreement on file with the Office of the City Clerk.

A new Management Agreement is needed for the Montclair Parking Garage and the Scout Road Parking Lot. The new Agreement should bring current various City requirements, including minimum liability and property damage coverage, the submission of annual budgets, the use of the double-entry bookkeeping system, filing of amendments to the Agreement, and the retention of hourly parking tickets for four years.

MONTCLAIR PARKING GARAGE
STATEMENT OF REVENUES AND EXPENSES
For the Years Ended December 31, 1999, 2000, 2001, 2002 and 2003

<u>Revenues</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Hourly parking	\$ 73,936	\$ 81,768	\$ 101,702	\$ 108,485	\$ 115,647
Lost ticket	907	1,426	1,402	1,439	1,432
Validation collections	16,818	17,210	22,340	31,710	28,563
Monthly parking - Montclair Parking Garage	207,856	203,742	218,672	244,681	274,393
Monthly parking - Scout Road Parking Lot	16,940	18,300	23,120	23,403	25,710
Monthly lost card charges	560	680	590	510	440
Monthly late charges	475	450	350	430	755
Validation stamp books	21,385	20,370	24,845	29,900	27,950
Daily stamp books	2,480	4,600	5,320	-	-
Mobile phone tower antenna	26,736	27,995	29,350	30,839	32,381
Other	90	62	337	-	-
Total Revenues	<u>\$ 368,183</u>	<u>\$ 376,603</u>	<u>\$ 428,028</u>	<u>\$ 471,397</u>	<u>\$ 507,271</u>
<u>Expenses</u>					
Personnel	\$ 73,779	\$ 78,911	\$ 80,051	\$ 84,414	\$ 83,148
Insurance	11,894	12,322	15,372	16,070	19,587
Rent	4,568	4,899	5,398	5,675	5,802
Parking refunds	288	448	166	390	1,670
Utilities	17,462	19,709	23,325	29,049	23,345
Maintenance	13,735	22,388	21,130	15,913	14,905
Supplies	4,150	5,953	9,195	5,934	7,068
Tax services	405	235	595	290	280
Management fees	10,800	10,800	10,800	10,800	10,800
Other	-	880	-	-	-
Total Expenses	<u>\$ 137,081</u>	<u>\$ 156,545</u>	<u>\$ 166,032</u>	<u>\$ 168,535</u>	<u>\$ 166,605</u>
Net Income	<u>\$ 231,102</u>	<u>\$ 220,058</u>	<u>\$ 261,996</u>	<u>\$ 302,862</u>	<u>\$ 340,666</u>

See accompanying notes.

MONTCLAIR PARKING GARAGE
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
For the Years Ended December 31, 1999, 2000, 2001, 2002 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Statement of Revenues and Expenses has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The *accrual basis of accounting* recognizes revenues when they are earned and expenses in the period incurred, without regard to the time of receipt or payment of cash.

Revenue Recognition

The Montclair Parking Garage serves both hourly and monthly parking patrons. Hourly parking revenue is payable in cash prior to exiting the Garage and is received at the same point that it is recognized.

From 1999 through the first half of 2003, monthly parking fees could be prepaid for one, six, and twelve month periods by patrons of the Montclair Parking Garage as well as be paid for the current month. Revenues generated from these fees were recognized in the month the revenue was earned. Prepayments of monthly parking fees were discontinued during the second half of 2003.

The sale of stamp books was discontinued during the second half of 2001. The stamps provided complete validation for the duration of an entry and exit for each stamp.

The Scout Road Parking Lot is available only to monthly parking patrons. No hourly parking is provided on this parking lot. From 1999 through the first half of 2003, payments were collected no more than one month in advance although patrons were not prohibited from paying further in advance than one month. Prepayments of monthly parking fees were discontinued during the second half of 2003.

Use of Estimates

The financial statement preparation requires certain estimates and assumptions be made which may affect the reported revenues, expenses and disclosures. Actual results could differ from *these certain estimates and assumptions*.

MONTCLAIR PARKING GARAGE
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
For the Years Ended December 31, 1999, 2000, 2001, 2002 and 2003

NOTE B – OVERVIEW OF POLICIES AND PROCEDURES

Revenues and Expenses

Revenues from operations of the Montclair Parking Garage and the Scout Road Parking Lot are remitted directly to a City of Oakland bank account by the Montclair Village Association.

Expenses for the Montclair Parking Garage and the Scout Road Parking Lot are paid for by the Montclair Village Association and reimbursed by the City of Oakland on a monthly basis.

Enterprise Accounting

The Montclair Parking Garage is operated as a City enterprise and reported under the rules applicable to enterprise accounting and reporting. No provision is made for income taxes because the City is an organization exempt from income taxes.

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Effective date per Master Fee Schedule	Type of rate	Per Transportation Services Division	Per Master Fee Schedule	Difference	Cumulative amount of over (under) payment and duration
7/19/1999	Discount rate for twelve-month prepayment for monthly parking at the Montclair Parking Garage	\$54 per month	\$55 per month	\$1 per month	(\$100) from 9/1999 through 7/2001
7/1/1999	Ten daily parking coupons	\$40	\$50	\$10	(\$2,630) from 9/1999 through 7/2001
7/10/2001	Discount rate for six-month prepayment for monthly parking at the Montclair Parking Garage	Discount prohibited, \$65 per month	\$55 per month	\$10 per month	\$2,610 from 7/2001 through 6/2003
7/10/2001	Discount rate for twelve-month prepayment at the Montclair Parking Garage	Discount prohibited, \$65 per month	\$55 per month	\$10 per month	\$870 from 8/2001 through 5/2003
7/10/2001	Ten daily parking coupons	Discontinue use	\$50		
7/10/2001	Monthly parking rate at the Scout Road Parking Lot	No instruction given	\$65 per month	\$10 per month*	(\$8,480) from 7/2001 through 7/2003

*Montclair Business Association charged \$55 per month compared to \$65 on the Master Fee Schedule

October 26, 2004
04-003

Finance and Management Committee
Public Works Committee

Item No.

27

EXHIBIT 2

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

VIEWS OF RESPONSIBLE OFFICIALS

We sent our draft report to the following entities:

1. The Montclair Village Association
2. The City of Oakland Transportation Services Division
3. *The City of Oakland Contract Compliance & Employment Services Division (Finding #1)*
4. *The City of Oakland Budget Office (Finding #2)*
5. *The City of Oakland Risk Management Division (Finding #3)*
6. The City of Oakland Office of the City Administrator (for informational purposes only)

The following pages contain the full text of comments prepared by the Contract Compliance & Employment Services Division and the Montclair Village Association. Our responses to their views are provided.

Staffs of the Transportation Services Division and the Risk Management Division did not provide any written comments to the draft report. Budget Office staff met with us and gave us their comments on Finding #2.

Memo

To: Roland Smith, City Auditor

From: Deborah Barnes, Contract Compliance & Employment Services *Deborah Barnes*

CC: Niccolo De Lucca, Deputy City Administrator
Doryanna Moreno, City Attorney

Date: 9/15/2004

Re: DRAFT INTERIM REPORT ON THE PERFORMANCE AUDIT OF THE MANAGEMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND THE MONTCLAIR BUSINESS ASSOCIATION REGARDING THE OPERATIONS OF THE MONTCLAIR PARKING GARAGE.

Thank you for taking the time to meet with me on September 8, 2004, to discuss the contents of the above referenced report.

This memo is in response to our discussion specifically as it relates to "Recommendation for Finding #1" found on page 8 of the *Draft Interim Report*. Those recommendations and responses to those findings are as follows:

	AUDITOR'S RECOMMENDATIONS	Response	Recommendation
a	The City Council revise the Ordinance to clearly state when contractors and other affected parties shall begin paying their employees wages based on the adjusted Living Wage rates. This date is the effective date, which should be specified as April 1 or July 1 of each year.	Upon Council adoption of the Living Wage Ordinance, the intent of the language is reflected in the standard operating procedures. The procedures include adjusting the wage rates, distributing notices by April 1, and stating an effective date of July 1.	Change language in Ordinance to reflect July 1, as the "Effective" Date in which contractors and other affected parties shall begin paying the newly adjusted rate.
b	The City Council revise the Ordinance to clearly state when the bulletin announcing the adjusted Living Wage rates is to be published by. This date is the publication date, which should precede the effective date by at least two months for contractors and other affected parties to budget for and implement the adjusted rates.	Same as above.	Change language in Ordinance to reflect April 1, as the "Publication" Date. The April publication date allows three months for contractors and other affected parties to budget for and implement the adjusted rates.

	AUDITOR'S RECOMMENDATIONS	RESPONSE	RECOMMENDED ACTION
c	The City Administrator designate the City department that is responsible for timely distribution of the adjusted Living Wage rates bulletin to all other City departments.	Office of the City Administrator, Contract Compliance and Employment Services Division is responsible for timely distribution of the adjusted Living Wage rates bulletin to all other City departments.	<p>insert language as follows: <i>"The City Administrator or designee shall be responsible for timely distribution of the adjusted Living Wage rates."</i></p> <p>Through an Administrative Regulation, name the Office of the City Administrator, Contract Compliance and Employment Services Division, as the responsible party.</p>
d	The City Administrator designate the City department that is responsible for timely distribution of the adjusted Living Wage rates bulletin to contractors or other affected parties.	Same as above.	Same as above.

If City Council is in agreement with the above recommendations, those changes will be made to the existing Living Wage Ordinance. If you have any questions regarding the above, please feel free to contact me at (510) 238-6270.

MONTCLAIR PARKING GARAGE 20 PM 2:43
1980 MOUNTAIN BOULEVARD #205
OAKLAND, CA 94611
510 339-1000

TO: Roland E. Smith, City Auditor
City of Oakland

FROM: David Sarber
Montclair Village Association

RE: Draft interim report on the performance audit of the management agreement between the City of Oakland and the Montclair Village Association regarding the operations of the Montclair Parking Garage

Finding #1 The Oakland Living Wage Ordinance

The Montclair Parking Garage does not technically fall under the Living Wage ordinance, but adhered to it beginning in 1998 by a directive from Michael Pickering, Transportation Services Manager, "to set a good example." The wages as directed by the ordinance have been paid as directed since 1998 with the exception of 2003 when Transportation Services declined to grant permission. The exact dates of implementing the new wages were in response to directives from Transportation Services.

Finding #2 Master Fee Schedule effective date

Rates were changed as directed by Transportation Services. In 2001, a directive was received from Transportation Services for a fee of \$55.00 for the Scout Road Lot (Exhibit 2- last line). In 2003, the first directive instructed rate changes to take place July 1. Subsequently, instructions were received to change rates on August 1. Rates in 2003 were increased on July 1 as they were already in place.

Recommendation #3 Expiration of original term of contract

We recommend that the management agreement with the City of Oakland and the Montclair Village Association be on a year to year basis rather than month to month.

Recommendation #7 Entry without monthly access cards

In order to facilitate the system recommended, a list of over 300 names and card numbers would be accessed by the attendant every time a card holder does not produce the card and a mark made next to the card holders' name and number on a pre printed sheet kept in the booth. Another solution is the office could tally the missing card holder names. Both are time consuming. It would be very difficult and hold up patrons for the attendant to try to collect additional monies from card holders who have already paid the monthly

fee. Card holders do not abuse the current system. The name on the ticket is checked against a master print out to verify another person and the card holder did not use the card on the same day. Chronic "forgetfulness" should be addressed as recommended. We recommend that the current system be allowed to continue.

Recommendation #8 **Number of monthly parking patrons**

After many years of consistent observation regarding the number of monthly parkers vs. hourly parkers, we think the record stands for itself. Hourly parkers being turned away is a rare occurrence. An in-depth study would show that there is ample parking for hourly patrons.

Recommendation #9 **Early closure of ticketing equipment**

The timely and safe exit of the garage attendant at closing time is very important to our board. If the attendant is in the booth checking out after hours, late parkers would want their car and the posted hours would be in jeopardy. A new standard of "too bad you're late" would undermine what is currently a workable system. Security is of utmost importance as the attendant has been held-up at gun point and Bay Alarm is present when the garage is closed down. This must happen at a set time.

Recommendation #11 **Separation of duties**

The recommendation suggests that there should be a "check the checker" system. Not a bad idea and in many operations a necessary one. However in this case the books are all reconcilable and the added expense of a double duty is not in the best interests. Transportation Services receives detailed monthly reports that account for all revenues/expenses.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
CONTRACT COMPLIANCE & EMPLOYMENT SERVICES DIVISION**

Finding #1

The Oakland Living Wage Ordinance

VIEWS OF THE CONTRACT
COMPLIANCE & EMPLOYMENT
SERVICES DIVISION:

The Contract Compliance & Employment Services Division concurs with our recommendations.

CITY AUDITOR RESPONSE

None.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
MONTCLAIR VILLAGE ASSOCIATION**

Finding #1

The Oakland Living Wage Ordinance

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

“The Montclair Parking Garage does not technically fall under the Living Wage ordinance, but adhered to it beginning in 1998 by a directive from Michael Pickering, Transportation Services Manager, “to set a good example.” The wages as directed by the ordinance have been paid as directed since 1998 with the exception of 2003 when Transportation Services declined to grant permission. The exact dates of implementing the new wages were in response to directives from Transportation Services.”

Finding #2

Master Fee Schedule effective date

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

“Rates were changed as directed by Transportation Services. In 2001, a directive was received from Transportation Services for a fee of \$55.00 for the Scout Road Lot (Exhibit 2-last line). In 2003, the first directive instructed rate changes to take place July 1. Subsequently,

CITY AUDITOR RESPONSE

We agree that the Montclair Village Association followed directives from the Transportation Services Division and Contract Compliance & Employment Services Division.

This finding is directed to City staff.

CITY AUDITOR RESPONSE

We agree that the Montclair Village Association followed directives from the Transportation Services Division regarding implementation of parking rate changes.

We have revised our report to recommend that the Transportation Services Division

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
MONTCLAIR VILLAGE ASSOCIATION (CONTINUED)**

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION: (continued)**

instructions were received to change rates on August 1. Rates in 2003 were increased on July 1 as they were already in place.”

Finding #3

Expiration of original term of contract

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

“We recommend that the management agreement with the City of Oakland and the Montclair Village Association be on a year to year basis rather than month to month.”

**CITY AUDITOR RESPONSE
(continued)**

notify the Manager of potential parking rate changes in early spring.

CITY AUDITOR RESPONSE

While a contract on a year to year basis is an improvement over month to month, the contract duration is only one aspect of the need to draft a new contract.

We are also concerned about the contents and provisions in the contract as they relate to the most current requirements for outside entities contracting with the City.

Recommendation #3 provides other examples of provisions to keep the contract current.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
MONTCLAIR VILLAGE ASSOCIATION (CONTINUED)**

Finding #7

Entry without monthly access cards

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

"In order to facilitate the system recommended, a list of over 300 names and card numbers would be accessed by the attendant every time a card holder does not produce the card and a mark made next to the card holders' name and number on a pre printed sheet kept in the booth. Another solution is the office could tally the missing card holder names. Both are time consuming. It would be very difficult and hold up patrons for the attendant to try to collect additional monies from card holders who have already paid the monthly fee. Card holders do not abuse the current system. The name on the ticket is checked against a master print out to verify another person and the card holder did not use the card on the same day. Chronic "forgetfulness" should be addressed as recommended. We recommend that the current system be allowed to continue."

CITY AUDITOR RESPONSE

Monthly parking patrons were not charged for hourly parking when they did not bring their monthly access cards to the Garage. The way the system is set up, the holder of a monthly access card can enter the Garage. The paid holder of record of the monthly access card can lend the card to a family member or friend when he/she is not using the card.

There is no requirement for monthly parking patrons to show identification to the attendant when exiting. Also, monthly access cards are transferable. These are reasons the recommendation should be adopted.

**MONTCLAIR PARKING GARAGE
PERFORMANCE AUDIT REPORT**
For the Five Years from January 1, 1999 through December 31, 2003

**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
MONTCLAIR VILLAGE ASSOCIATION (CONTINUED)**

Finding #8

Number of monthly parking patrons

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

“After many years of consistent observation regarding the number of monthly parkers vs. hourly parkers, we think the record stands for itself. Hourly parkers being turned away is a rare occurrence. An in-depth study would show that there is ample parking for hourly parking patrons.”

CITY AUDITOR RESPONSE

According to letters sent by City staff to the Manager, the Garage was constructed to provide parking for shoppers and business clients. Monthly parking was to be made available in excess of hourly-parking demand.

We stand by our recommendation to conduct an in-depth study.

Finding #9

Early closure of ticketing equipment

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

“The timely and safe exit of the garage attendant at closing time is very important to our board. If the attendant is in the booth checking out after hours, late parkers would want their car and the posted hours would be in jeopardy. A new standard of “too bad you’re late” would undermine what is currently a workable system. Security is of utmost importance as the attendant has been held-up at gun point and Bay Alarm is present when the garage is closed down. This must happen at a set time.

CITY AUDITOR RESPONSE

We agree that the security and safety of the attendant is very important. However, there are procedures in place for the proper time printing of hourly parking tickets when patrons exit. These procedures should be followed the same way as long as the Garage is officially open.

To address the issue of after-hour patrons requesting their vehicles, there is an office area away from the view of the entryway

**MONTCLAIR PARKING GARAGE
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**CITY AUDITOR RESPONSE TO
VIEWS OF RESPONSIBLE OFFICIALS
MONTCLAIR VILLAGE ASSOCIATION (CONTINUED)**

**CITY AUDITOR RESPONSE
(continued)**

into the Garage where the attendant can prepare the cashiers' report and not be seen.

We stand by our recommendation to have the attendant station the booth with the ticketing equipment on until the official closing time of the Garage.

Finding #11

Separation of duties

**VIEWS OF THE MONTCLAIR
VILLAGE ASSOCIATION:**

"The recommendation suggests that there should be a "check the checker" system. Not a bad idea and in many operations a necessary one. However in this case the books are all reconcilable and the added expense of a double duty is not in the best interests. Transportation Services receives detailed monthly reports that account for all revenues/expenses."

CITY AUDITOR RESPONSE

Separation of duties is sound business practice. The Montclair Village Association should still consider ways to achieve this.