



September 13, 2018

Performance Audit

Management of Off-Site Parking Revenue

Aviation Department

Report No. 18-101



**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

PERFORMANCE AUDIT REPORT
MANAGEMENT OF OFF-SITE PARKING REVENUE CONTRACTS
REPORT NO. 18-101

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Management of Off-Site Parking Revenue Contracts

Performance Audit

September 13, 2018

Audit #18-101

The purpose of this audit was to determine whether the Aviation Department has an effective process for managing its off-site parking revenue contracts and if the contract fees are aligned with comparable medium hub airports.

Executive Summary

Opportunities exist at the Aviation Department (Aviation) for improved, active management of the off-airport parking revenue contracts.

Currently, Aviation contracts with four off-site parking operators whose contracts were executed between 17 and 23 years ago. The contracts' information, fees, charges, and exemptions have not been updated since originally established. As such, the contracts do not contain key up-to-date information.

Albuquerque's off-site parking contracts fees are not aligned with other medium hub airports with similar contracted fee structures. Rather, at two percent of gross revenue, 20 cents per trip fee, and an annual \$100,000 revenue exemption, Albuquerque has the lowest rates encountered. Of the nine other medium hub airports with similar fee structures, the average fee was nine percent gross receipts/revenue and per trip fees between \$1 and \$6.75.

By updating the key information in the four off-site parking contracts, Aviation will be able to clarify contract information to address inadvertently supplementing operators' revenue and ensure that the contracts contain up-to-date, accurate, and relevant information.

Aviation concurs with the findings and will implement the recommendations.

Recommendations

•••

Aviation should:

- Review and update the off-site parking revenue contracts to address:
 - Annual \$100,000 revenue exemption;
 - Operators' dba names; and
 - Inclusion of the Inspector General's clause.
- Take a more active management approach to its off-site parking revenue contracts and:
 - Periodically verify revenue (activate the audit clause and contract with an independent CPA firm to confirm revenue reported and fees paid by the operators);
 - Establish policies and procedures;
 - Contact the software vendor to correct the dwell time rate;
 - Periodically test and confirm that Commercial Lane activity is accurately captured recorded; and
 - Charge late fees.
- Review and align its fees with those of other medium hub airports.



City of Albuquerque

Office of Internal Audit

September 13, 2018

Accountability in Government Oversight Committee
P.O. Box 1293
Albuquerque, New Mexico 87103

Audit: Management of Off-Site Parking Revenue Contracts
Aviation Department
Audit No. 18-101

FINAL

INTRODUCTION

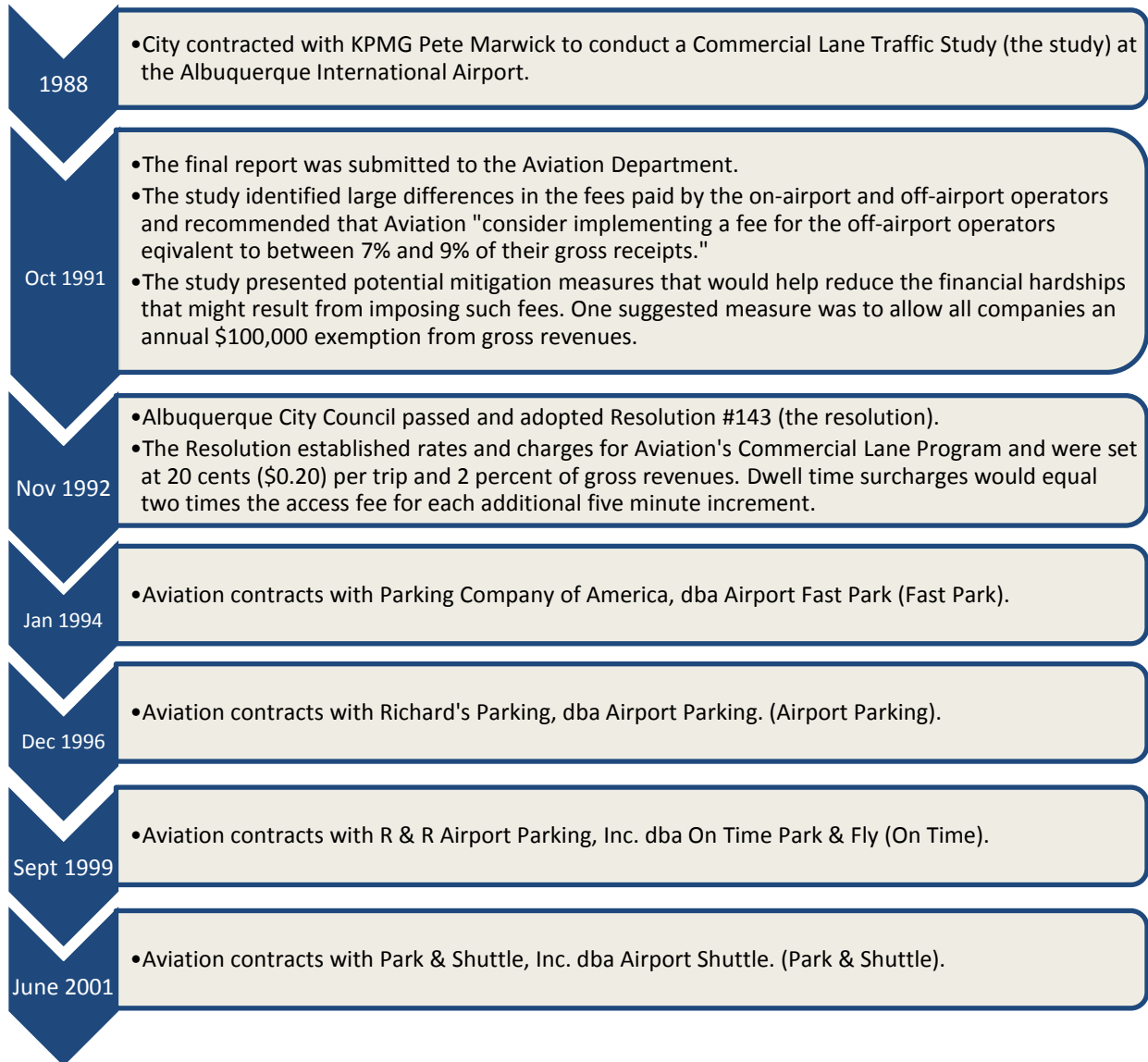
The Office of Internal Audit (OIA) completed a performance audit of the Aviation Department's (Aviation) management of off-site parking revenue contracts. The audit was included in OIA's fiscal year (FY) 2018 audit plan. Information pertaining to the audit objectives, scope and methodology can be found in **Appendix A**.

According to the Aviation Department, "the City's agreement with airlines requires the City to operate the Airport with due regard for the interests of the public and in such a manner as to produce revenues from concessionaires, other tenants, public parking operations, and other commercial users of the Airport of a nature and amount as would reasonably be produced by a prudent operator of an Airport of similar size, use and activity, consistent with sound management principles and applicable law, in the interest of protecting the financial integrity of the Airport."

Off-site parking revenue contracts allow off-site parking entities to access the airport to pick up and drop off airport passengers who park at private off-site facilities. The contracts establish minimum standards, operating procedures, and rates and charges.

The development and evolution of the off-site parking revenue contracts are detailed in the graphic below.

Evolution of the Commercial Lane Program and Off-Site Parking Contracts



Currently, Aviation has four contracts with off-site parking operators and are listed below.

Off-site Parking Revenue Contracts

Name of Operator	Contract Start Date	Amendment Date	Contract End Date
Fast Park	January 7, 1994	March 19, 1999	Month-to-Month
Airport Parking	December 16, 1996	September 17, 1998	Month-to-Month
On-Time	September 14, 1999	N/A	Month-to-Month
Park & Shuttle	June 27, 2001	N/A	Month-to-Month

Source: Aviation contract documents

Off-site Parking Revenue Contract Fees & Charges

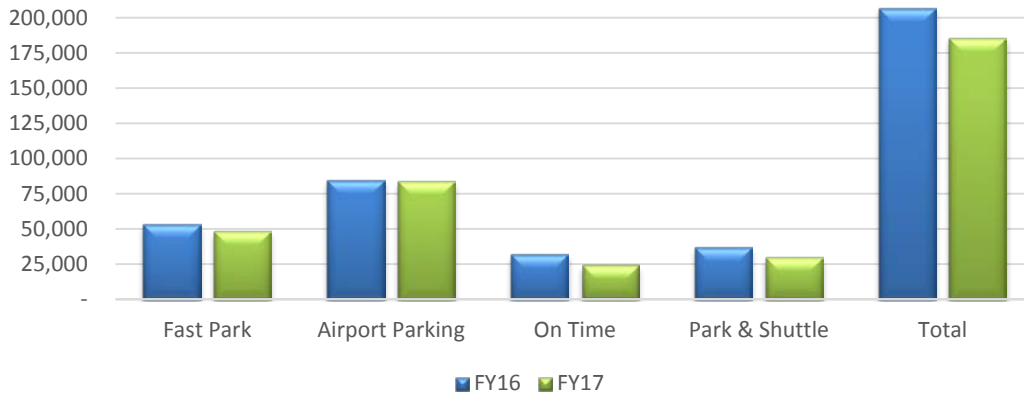
Parts B and C of the contracts identify and define the various fees, charges, and general conditions and include:

- Percentage of Gross Revenue (2%)
 - Defined as the total amount of money or value of other considerations received from:
 - Selling property or performing services upon, into, or out of any part of the Airport, or
 - Use of the Airport, either as an origination or destination point.
 - Self-reported by each operator.
 - Due on or before the fifteenth (15th) day of the month immediately after the month in which the gross revenues were received by the Operator.
- Access/Trip Fees (20 cents)
 - Tracked using electronic transponders attached to the interior of each vehicle's windshield.
 - Charged per trip through the Commercial Lane.
- Dwell Time Surcharge (40 cents)
 - Defined as two times the access fee for each additional maximum dwell time increment.
 - Maximum dwell time increment for off-airport parking operators is five minutes.

Commercial Lane Revenue

The total revenue generated from Aviation's four off-site parking revenue contracts (trip fees and percent of gross revenue, net of any exemptions) totaled \$207,869 and \$185,630 in FYs 2016 and 2017, respectively, as shown in the chart below.

Off-site Parking Contract Revenue FY2016 & FY2017



Source: Aviation revenue worksheets and provided data

FINDINGS

The following findings address areas that OIA believes could be improved by the implementation of the related recommendations.

1. AVIATION SHOULD REVIEW AND UPDATE THE OFF-SITE PARKING REVENUE CONTRACTS.

Off-site parking revenue contracts have not been updated or reestablished between 17 to 23 years. As a result, key contract requirements have remained unchanged or not been included. Issues regarding the current contracts were noted and involve:

- A. Annual \$100,000 revenue exemption;
- B. Outdated operators' doing business as (DBA) names; and
- C. The absence of the Inspector General clause as required by City Ordinance.

Aviation management stated that the contracts have not been updated over the years and may be politically sensitive. Management's understanding is that the Albuquerque City Council did not want to impose additional taxes upon the citizens of Albuquerque and that the expectation is that the off-site operators would simply pass any fee increase on to their customers.

By updating the key information in the four off-site parking contracts, Aviation will be able to clarify contract information to address inadvertently supplementing operators'

revenue and ensure that the contracts contain up-to-date, accurate, and relevant information.

Further details for each of the contract issues above (A-C) are individually addressed below.

A. Annual \$100,000 Revenue Exemption

The annual \$100,000 revenue exemption may be inadvertently supplementing the revenue of operators who pass along the two percent fee to their customers and is not consistent with the exemption amounts of other medium hub airports. Of nine medium hub airports with similar percentage of gross revenue/gross receipts structures, only one airport excluded an amount of the operator’s revenue.

The off-site parking contracts allow the operators to claim a monthly revenue exemption of \$8,333.33 (\$100,000 annually), and does not prohibit the operators from passing the two percent fee on to their customers. As a result, operators that pass the fee on to their customers are receiving a dual benefit and increased revenue.

Three of the four operators expressly indicate on their websites or sales receipts that they charge customers a separate airport tax/fee. On-Time’s website indicates that “daily prices subject to Sales and 2% airport tax”, while Fast Park lists the passed-on fee on the sales receipt, as shown below.

OUR RATES:

Uncovered Parking
\$3.75 per day + tax
\$2.50 for 7 Days plus + tax

Covered Parking
\$4.68 + tax per day

Military rate
\$3.75

*** daily prices subject to 2% airport tax**

Source: Overtimeairportparking.com/rates



Source: Fast Park receipt

Further, by not prohibiting the operators from passing the fee on to their customers, the operators may increase revenue by charging higher rates disguised as tax, as illustrated by the receipt below.



Source: Airport Parking receipt

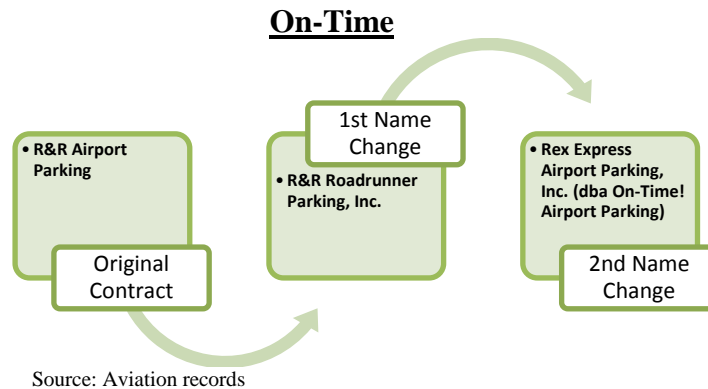
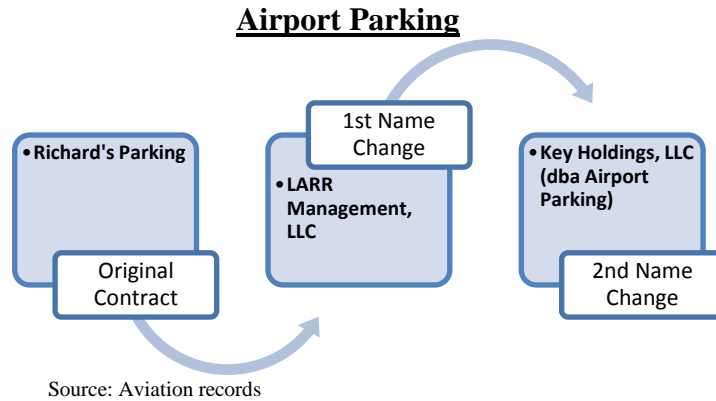
* Taxes/parking subtotal: $0.25/2.50 = 10\%$

(Albuquerque gross receipts tax rate in March 2018 was 7.5%)

Charging customers a separate fee under the guise that it is charged by and remitted to the Aviation Department is misleading to the citizens of Albuquerque who frequent these locations.

B. Outdated Operators' DBA Names

Two of the four contracted companies have undergone multiple name changes since the contracts' effective dates, but the contracts have never been updated to reflect the changes. The progressions of the name changes are illustrated below.



Each off-site parking contract expressly prohibits assignment, it is important that Aviation confirm and document that any changes are in the DBA name alone and do not constitute assignment. By not updating the various off-site parking contracts as changes occur, Aviation was unable to provide supporting documentation for each of the various name changes and may be unaware if an operator has violated the contract assignment clause.

C. Inspector General Ordinance

The off-airport parking revenue contracts do not contain the required language for the Inspector General clause.

Section 2-17 12(c) ROA 1994 states, “Every city contract, bid, proposal, application or solicitation for a city contract and every application for certification of eligibility for a city contract or program shall contain a statement that the individual understands and will abide by all provisions of the Inspector General Ordinance.”

Although the contracts were established prior to Section 2-17 ROA 1994, without inclusion of the necessary contractual clauses, the City of Albuquerque Office of Inspector General may be precluded from conducting an investigation should the need arise.

RECOMMENDATIONS

Aviation should review and update each of the four off-site parking contracts and address the following areas:

- The \$100,000 annual exemption (\$8,333.33/month) and the resultant supplementation of the operators' revenue.
 - If the annual exemption is to continue, Aviation should update the contract language to expressly prohibit the operators from passing along the airport fee to their customers.
 - If the annual exemption is discontinued, Aviation should update the contract language and expressly prohibit the operators from passing along the airport fee to their customers.
- Ensure that the contracts are complete and contain:
 - The current company DBA name of each operator; and
 - A statement regarding the provisions of the Inspector General Ordinance.

RESPONSE FROM AVIATION

“The Aviation Department (Aviation) agrees with the finding. With respect to the first recommendation Aviation intends to discontinue the \$100,000 annual exemption and pass through of Airport Fees to customers, and will update the contracts accordingly. With respect to the second recommendation, Aviation is in the process of re-drafting the contracts and will include the proper names and required clauses.”

ESTIMATED COMPLETION DATES

“Aviation estimates the amended contracts will be completed by December 31, 2018.”

2. AVIATION SHOULD ACTIVELY MANAGE OFF-SITE PARKING REVENUE CONTRACTS.

Various opportunities for improvement were noted with Aviation's passive management over off-site parking revenue contracts and include:

- A. No policies and procedures;
- B. Incorrect dwell time rate;

- C. Access data not captured;
- D. Unrecorded access data; and
- E. No late fees charged.

By actively managing the off-site parking revenue contracts, Aviation will help ensure the accuracy, validity, and completeness of the revenue generated by the Commercial Lane Program.

Aviation had not considered it necessary to manage the off-site parking revenue contracts any differently as the contracts have been in place and operational for so long, the operators self-report revenue, dwell time charges are system-generated, and charging late fees may be immaterial.

Further details for each of the above referenced items (A-E) are individually addressed below.

A. Policies and Procedures

Aviation does not have policies and procedures specific to the management of its off-site parking contracts. By establishing formal policies and procedures with regard to contract management, Aviation will be able to ensure that all contracts are actively and systematically managed and timely monitored for compliance.

For example, Aviation has never confirmed or verified the operators' reported revenue or fees paid. As the off-site parking contracts direct the operators to self-report their monthly revenue and any deductions claimed, Aviation accepts the self-reported information submitted by the operators and has not requested or required the operators to provide supporting documentation.

Part C, Section 2.4 of the contracts states:

Operator agrees to keep full and accurate books showing all of its Gross Revenues, and City shall have the right to inspect, examine, copy and audit such books and records, including but not limited to Operator's federal, state and local tax returns and New Mexico Gross Receipts tax return records as file with the State of New Mexico.

Part C, Section 2.5 of the contracts also states:

City shall have the right at any time within three (3) years after receipt of Operator's annual statement or monthly statements to have the books and records of Operator audited during reasonable hours by a certified public accountant...In the event that such audit shows Operator's Gross Revenues as reported by said certified statement to be more than one

percent (1%) in error detrimental to City, Operator shall reimburse City for the expense to City of such audit....

Although Aviation has never requested supporting documentation or contracted with a certified public accountant (CPA) to verify reported revenues, Aviation does capture important off-site parking data, which facilitates trend analysis to be performed. **Appendix B** illustrates some examples of data analysis that can be performed by Aviation using the available data.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed the Internal-Control Framework (COSO Framework), to assist organizations in "designing, implementing, and conducting internal control and assessing its effectiveness." The COSO Framework has gained global acceptance and is a standard by which to measure the design and effectiveness of internal controls. OIA uses the COSO Framework as a standard by which to measure the design and effectiveness of internal controls.

COSO acknowledges that policies reflect management's statement of what should be done to effect control. According to COSO Framework, principles 12 and 14, management should communicate internally through specified objectives and policies and procedures that support personnel in performing their responsibilities. Management should establish "control activities that are built into business processes and employees' day-to-day activities through policies establishing what is expected and relevant procedures specifying actions."

B. Dwell Time Rate

Aviation is not collecting accurate revenue from the Commercial Lane as the rate charged for operators' dwell time is incorrect. The rate entered by software vendor for dwell time is incorrectly set at 20 cents (\$0.20) rather than two times the access fee (\$0.40).

The dwell time surcharge is an additional fee charged for subsequent periods of time an operator's vehicle remains in the Commercial Lane. Contractually, the dwell time increments for off-airport parking operators is five minutes. The initial access fee charged to vehicles entering the Commercial Lane is 20 cents. A subsequent dwell time surcharge is charged every five minutes thereafter.

As stated in Part B, Section 3.3 Dwell Time Surcharge, of the off-airport parking contracts, "The Operator shall pay a Dwell Time Surcharge equal to two (2) times the access fee for each additional maximum dwell time increment or part of a maximum dwell time increment beyond the initial maximum dwell time shown in

Section 3.2."

According to Aviation's Landside Operations Manager, Aviation upgraded the software and the vendor likely input the incorrect subsequent dwell time rate.

C. Access Data Not Captured

The Commercial Lane access report does not capture the entrance time and duration of the off-site parking operator's vehicle. Only the vehicle's exit time is reported.

According to Aviation's Finance staff, at the beginning of February 2018, the system was updated and the reports no longer include the entrance time or the duration. Without reporting the entrance time along with the duration period, Aviation is unable to verify that the reported dwell time charges are calculating accurately.

COSO Principle 13 addresses the importance of using relevant information and obtaining quality information to support internal controls. Information systems should produce information that is "timely, current, accurate, complete, accessible, protected and verifiable, and retained."

D. Unrecorded Access Data

System-generated access fee data and related revenue may be incomplete.

Internal Audit observed the Commercial Lane activity over two 30-minute periods. During the first 30-minute observation period of the Commercial Lane, a vehicle triggered the entrance gate to open, but the vehicle continued on the left-side by-pass lane and did not drive through the gate. The gate remained open until another vehicle drove through as shown in the picture below.



Source: OIA observation photo

The activity for the specific off-site operator vehicle was not captured on the activity report.

According to COSO Principle 17, the organization should assess results of on-going and separate evaluations and by “conducting monitoring activities, the organization may identify matters worthy of attention.”

Triggering the access gate and driving through the by-pass lane is an inherent risk of automatic transponder activities. Therefore, identifying how frequently the gate is triggered by vehicles with active transponders driving through the bypass lane will be beneficial.

E. Late Fees

Aviation does not assess late fees to off-site parking operators. The off-site parking operators remit late payments for the two percent airport fee 70 percent of the time and remit late payments for access fees 10 percent of the time.

From a sample of five months across the audit period, the off-site parking operators submitted late payments for the two-percent fee as illustrated in the table below.

**Off-site Parking Operators
 Number of Late Payments Made – 2% Fee**

Operator	Late Payments	Percentage of Late Payments
Fast Park	5 out of 5	100%
Airport Parking	3 out of 5	60%

**Off-site Parking Operators
 Number of Late Payments Made – 2% Fee**

Operator	Late Payments	Percentage of Late Payments
On-Time	5 out of 5	100%
Park & Shuttle	1 out of 5	20%

Source: Operators' paperwork

From a sample of five months across the audit period, the off-site parking operators submitted late payments for access fees as illustrated in the table below.

**Off-site Parking Operators
 Number of Late Payments Made – Access Fees**

Operator	Late Payments	Percentage of Late Payments
Fast Park	1 out of 5	20%
Airport Parking	0 out of 5	0%
On-Time	0 out of 5	0%
Park & Shuttle	1 out of 5	20%

Source: Operators' paperwork

According to Part C of the contract documents, Section 2.9 Late Payment Charges "If the fees required in this Agreement are not received by the City on or before the day specified by this Section 2, the Operator shall pay an interest charge of one and one-half percent (1.5%) per month (18% annually) for each month or partial month that any payment due is not paid."

Although the late fee received may be immaterial to Aviation, without such a fee, there is no consequence to the operators who continually choose to submit late payments.

RECOMMENDATIONS

Aviation should:

- Establish and implement policies and procedures specific to the management of its off-site parking revenue contracts, including frequency of independent review of operators' reported revenue and fees paid.
- Activate the audit clause contained in the contracts and hire an independent CPA firm to confirm reported revenue and fees paid to Aviation over the past three years.
- Periodically test and confirm that all transponder activity is accurately

reported on the Commercial Lane access report.

- Recoup the dwell time surcharges missed due to the system upgrade by:
 - Reviewing the Commercial Lane access reports from the point of the upgrade (circa February 2018);
 - Calculating the number of dwell times for each operator;
 - Multiplying the total by 20 cents; and
 - Sending an invoice to each operator for the calculated undercharge.
- Contact the appropriate software vendor and request:
 - That the subsequent dwell time rate be corrected from 20 cents (\$0.20) to 40 cents (\$0.40) to match the calculation defined in the off-airport parking contracts, which is currently two times the access fee.
 - That the software be corrected so that both the entrance and exit times in addition to the duration period are captured and documented properly on the reports.
- Charge a late fee for late payments or require that the operators provide a credit card or bank account so that payments may be processed automatically (For example, as required by the Jacksonville Intl airport).

RESPONSE FROM AVIATION

“Aviation agrees with the finding and recommendations, and intends to proceed as follows:

- ***Aviation will establish and implement policies and procedures specific to the management of its off-site parking revenue contracts, including frequency of independent review of operators’ reported revenue and fees paid, scheduled appraisal and adjustment of rates and charges, and annual monitoring of contractor charges to passengers.***
- ***Aviation has retained an independent forensic CPA firm to confirm reported revenue and fees paid to Aviation over the past three years, and are in the process of initiating the audit/investigation of the four parking contractors.***
- ***Aviation upgraded the commercial lane equipment and software two years ago and has experienced significant difficulty with the system. As a result of these difficulties, Aviation is currently going through the Request for Proposal (RFP) process to obtain a new system for the commercial lane and parking garage to alleviate these issues.***
- ***Aviation will attempt to recoup the dwell time surcharges missed since the system was upgraded. However, gathering all the***

required information will be time consuming. In the meantime, Aviation will update the system to correct the dwell time charges.

- *Aviation will work with the software vendor to correct the dwell time rate from 20 cents (\$0.20) to 40 cents (\$0.40) to match the calculation defined in the off-airport parking contracts, and to capture both the entrance and exit times to document the duration period. To the extent that all fees and charges will be updated, Aviation will consider whether charging double dwell fees is still warranted.*
- *Aviation will notify off-site parking vendors that late fee charges for late payments as required by the contract will be initiated, and amend the contract to require or incentivize some type of automatic payment process.”*

ESTIMATED COMPLETION DATES

“Aviation estimates completion of these recommendations by end of Fiscal Year 2019.”

3. AVIATION SHOULD CONSIDER ALIGNING ITS OFF-SITE PARKING REVENUE CONTRACT FEES WITH THOSE OF OTHER MEDIUM HUB AIRPORTS.

Albuquerque's airport percentage of revenue and access/trip fees are not aligned with those of other medium hub airports.

Nationwide, there are 31 medium hub airports, including Albuquerque. Of the nine other medium hub airports with similar fee structures, the average gross receipts/revenue fee was nine percent, while Albuquerque's fee was the lowest, at two percent.

Like Albuquerque, the other airports may charge additional fees in addition to the monthly percentage of revenue charged. The most common is a trip fee, which is an established rate multiplied by the number of trips made. Aviation does not charge a trip fee to operators dropping off passengers, but does charge 20 cents per trip when picking up passengers. Trip fee charges for other medium hub airports range from \$1 to \$6.75/trip.

Information for charges of other medium hub airports can be found in **Appendix C**.

Aligning the rates charged to off-site parking operators would increase revenue to the airport and would align the fees with other medium hub airports.

RECOMMENDATIONS

Aviation should:

- Review the fees charged and consider adjusting the fees to be more aligned with other medium hub airports nationwide, including trip fees at passenger drop-off.

RESPONSE FROM AVIATION

“Aviation agrees with the finding and recommendation. Fees are set by City Council resolution. Aviation will approach the City Council to adjust the fees to be more aligned with other medium hub airports nationwide, including trip fees at passenger drop-off. Aviation is considering asking the Airport Advisory Board to study the issues, hold public hearings on fee increases, and make fee recommendations to the administration and City Council.”

ESTIMATED COMPLETION DATES

“Aviation estimates completion of this recommendation by end of Fiscal Year 2020.”

CONCLUSION

Opportunities exist at Aviation for improved, active management of the off-airport parking contracts. The areas addressed throughout this report will help direct Aviation toward increased accuracy and accountability of such contracts.

In addition, Aviation's off-site parking contracts fees and fee structure are not aligned with other medium hub airports. Rather, Albuquerque has the lowest rates at two percent of gross revenue, 20 cents per trip fees, and an additional \$100,000 annual exemption.

We greatly appreciate the active participation, cooperation, and responsiveness of the Aviation Department's management and staff throughout the audit process. Their assistance and openness to suggestions demonstrates their dedication to improving the operations at Albuquerque's International Sunport.

Contract Auditor

REVIEWED:

Lawrence L. Davis, Internal Audit Manager
Office of Internal Audit

APPROVED:

Jim Thompson, City Auditor
Office of Internal Audit

APPROVED FOR PUBLICATION:

See Appendix D
Chairperson, Accountability in
Government Oversight Committee

APPENDIX A

OBJECTIVES

The audit objectives were to determine:

1. Does Aviation have an effective process for managing off-site parking revenue?
2. Are Aviation's off-site parking fees aligned with comparable medium hub airports?

SCOPE AND LIMITATIONS

Our audit did not include an examination of all functions and activities related to the management of off-site parking revenue contracts. Our scope was limited to the objectives above. This report and its conclusions are based on information taken from a sample of transactions and do not represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork on April 24, 2018 and does not reflect events or accounting entries after that date.

Aviation management is responsible for establishing and maintaining effective internal control and complying with laws, regulations, contracts, and agreements.

In performance audits, a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct (1) impairments of effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) noncompliance with provisions of laws, regulations, contracts, or grant agreements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) and existing control is not properly designed so that, even if the control operates as designed, the control objective is not met. In the performance audit requirements, the term significant is comparable to the term material as used in the context of financial statement engagements. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Our consideration of internal control was for the limited purpose described in our audit objectives and was not designed to identify all deficiencies in internal control. Therefore, unidentified deficiencies may exist. Accordingly, we do not express an opinion on the effectiveness of Aviation's internal control.

As part of the performance audit, we tested the City's compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could directly and significantly affect the objectives of our audit. However, opining on compliance with those provisions was not an objective of our performance audit and accordingly, we do not express an opinion.

We conducted this performance audit in accordance with generally accepted government auditing standards for performance audits, as prescribed in *Government Auditing Standards*, revision 2011, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

METHODOLOGY

Methodologies used to accomplish the audit objectives include but are not limited to the following:

- Reviewed each off-site parking revenue contract to determine details and revenue calculations/amounts to be paid to the City and required frequency of reporting;
- Flowcharted/illustrated the overall management (document responsibilities of key employees) of off-site parking revenue contracts;
- Selected a judgmental sample of months for testing purposes; and
- Using the sample selected, recalculated revenue paid to the City and compare to what was reported by each operator.

APPENDIX B

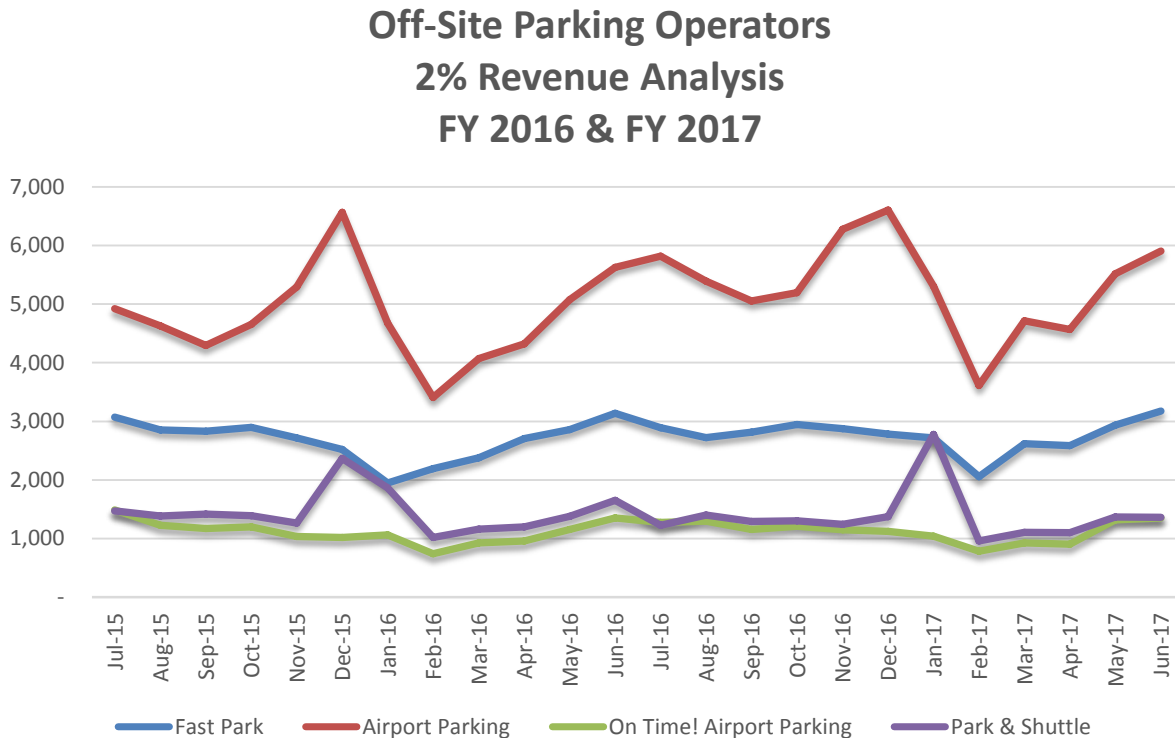
EXAMPLES OF DATA AND TREND ANALYSIS

Data analysis is beneficial as it can be used to identify and track trends, determine reasonableness of results, identify anomalies or errors, and draw conclusions in a visual manner.

The following data and trend analysis is provided for informational purposes only and is to demonstrate how Aviation management can use data and trend analysis in managing off-site parking revenue contracts. Management should review the analysis and consider if additional research should be performed to explain unusual patterns or fluctuations in data.

Self-Reported Revenue

The chart below illustrates the revenue reported by each of the operators across fiscal years 2016 and 2017.

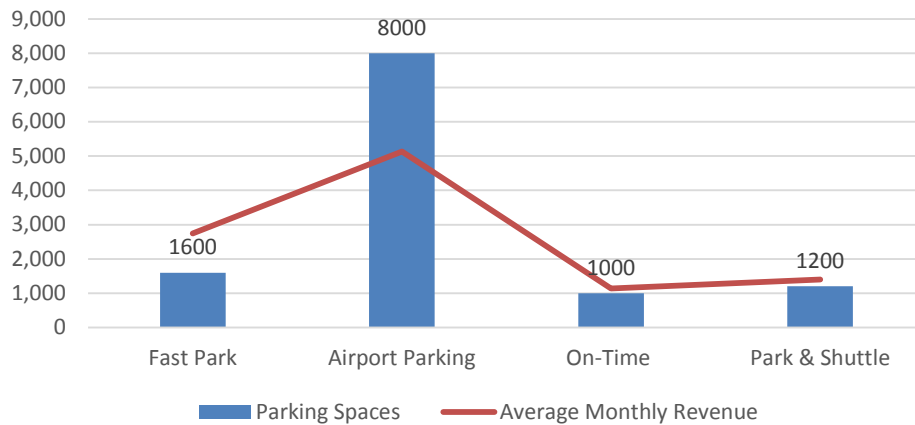


Source: Aviation spreadsheet of revenue reported

Parking Spaces

The chart below illustrates the average revenue reported as compared to each operator’s number of parking spaces.

**Parking Spaces & Average Monthly Revenue
 FY 2016 & FY 2017**

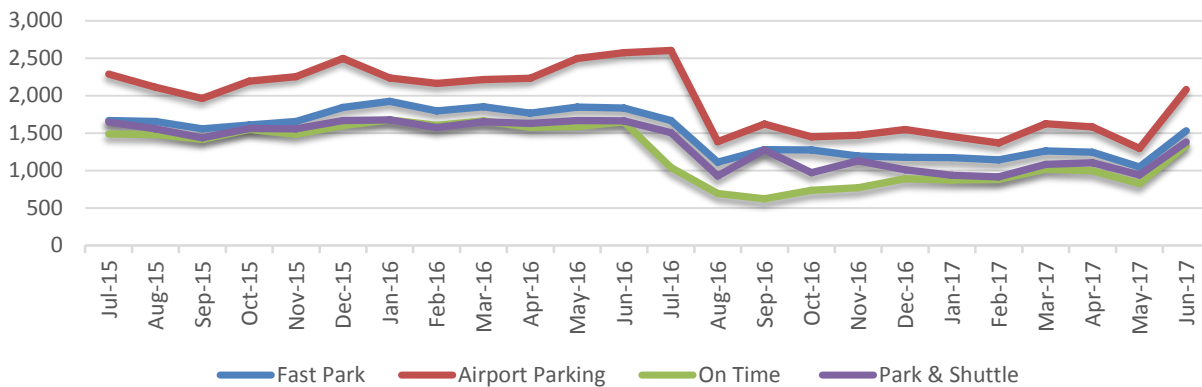


Source: Parking data provided by Aviation

Access Fees

The chart below illustrates the four operator’s electronically tracked access fees across fiscal years 2016 and 2017 and identifies a similar trend for all.

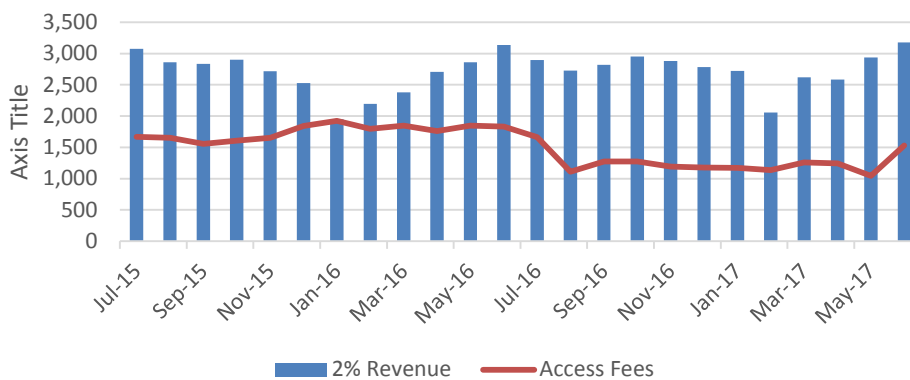
**Off-Site Parking Vendors
 Access Fee Analysis
 FY 2016 & FY 2017**



Source: Access fee data provided by Aviation

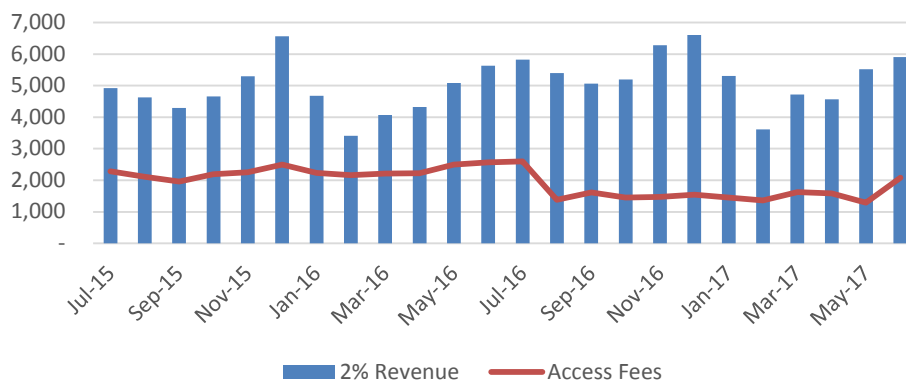
The following four charts illustrate each operator’s self-reported 2 percent revenue fee as compared to the operator’s electronically tracked access fees.

**Access Fees vs. Self-Reported 2% Revenue
 Fast Park
 FY 2016 & FY 2017**



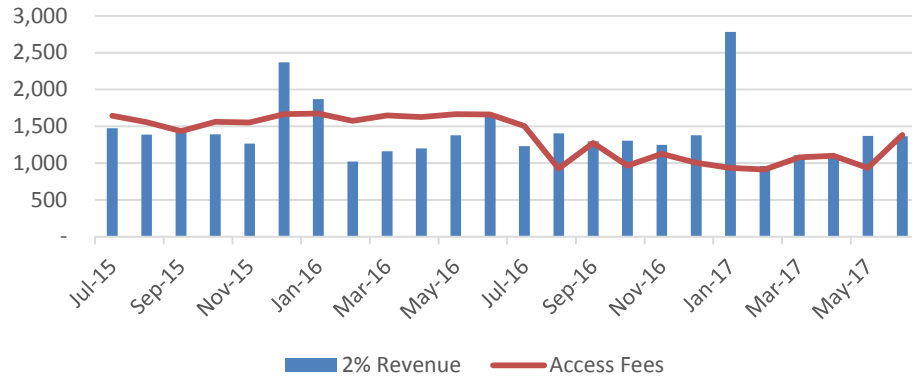
Source: Aviation spreadsheets of reported revenue and access fees

**Access Fees vs. Self-Reported 2% Revenue
 Airport Parking
 FY 2016 & FY 2017**



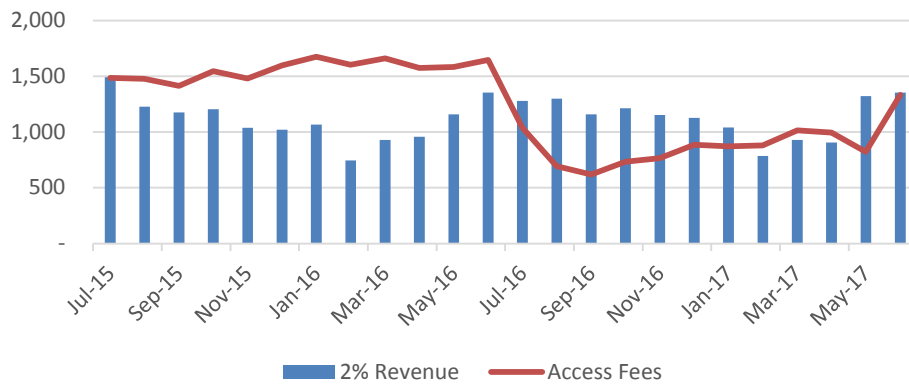
Source: Aviation spreadsheets of reported revenue and access fees

**Access Fees vs. Self-Reported 2% Revenue
 Park & Shuttle
 FY 2016 & FY 2017**



Source: Aviation spreadsheets of reported revenue and access fees

**Access Fees vs. Self-Reported 2% Revenue
 On-Time
 FY 2016 & FY 2017**



Source: Aviation spreadsheets of reported revenue and access fees

APPENDIX C

MEDIUM HUB AIRPORTS FEE STRUCTURE & CHARGES

**Medium Hub Airport
 Off-site Parking Revenue Structure**

Airport	Location	Fee Structure	Additional Fees/Charges	Independent Revenue Review?
Albuquerque International Sunport	Albuquerque, New Mexico	2% of gross revenue; \$100,000 annual revenue exemption	Permit Fee \$50 Trip Fee \$0.20/trip	No
Southwest Florida International	Fort Meyers, Florida	4% charged on first \$20,000 gross revenue; 8% charged on gross revenue over \$20,000	Vehicle Registration Fee \$15-\$50 (depending on vehicle seating capacity) Courtesy Vehicle Trip Fee \$1/trip	If payments < \$25k, vendor's CFO must submit a "statement of gross revenue" with supporting documentation. If payments >\$25k, "statement of gross revenue" must be completed by independent CPA.
Jacksonville International	Jacksonville, Florida	6% of gross revenue	Annual permit fee \$50 Privilege/Per Trip Fee \$3.25/trip	If payments < \$75k vendor's CFO must submit a detailed annual report. If payments > \$75k, independent CPA must prepare and submit a detailed annual report.

**Medium Hub Airport
 Off-site Parking Revenue Structure**

Airport	Location	Fee Structure	Additional Fees/Charges	Independent Revenue Review?
Louis Armstrong New Orleans	New Orleans, Louisiana	7% of gross receipts	No additional fees	Vendor's CFO must provide written statement about the Privilege Fee paid and tie amount to Gross Business Receipts.
Sacramento International	Sacramento, California	10% of gross revenue over \$12,500/month	Access/Trip fee \$2-\$6.75/trip (depends on vehicle seating capacity)	Unknown
Indianapolis International	Indianapolis, Indiana	10% of gross monthly sales	No additional fees	Written certification by independent accountant required annually
Port Columbus International	Columbus, Ohio	10% of gross revenue	Unknown	Unknown
Raleigh-Durham International	Raleigh/Durham, North Carolina	10% of gross receipts	Annual permit fee \$150 Dwell time \$4/10 minute increment	Unknown
William P. Hobby	Houston, Texas	8% of Gross Receipts	No additional fees	No
Norman Y. Mineta San Jose International	San Jose, California	10-15% of gross revenue	One-time Permit Application Fee \$200 Dwell Fee up to \$5/half-hour Trip Fee \$1-\$5/trip	Unknown

Source: OIA research from various airports

APPENDIX D

**ACCOUNTABILITY IN GOVERNMENT
OVERSIGHT COMMITTEE**

CAUTIONARY STATEMENT

CITY OF ALBUQUERQUE



To Whom It May Concern,

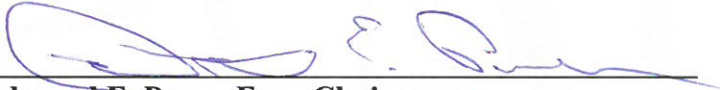
Pursuant to Section 2-10-5 (K) ROA 1994, the Accountability in Government Oversight (AGO) Committee is issuing the following statement for inclusion in the Office of Internal Audit's (OIA) report number 18-101 – Management of Off-Site Parking Revenue – Aviation Department (Aviation).

On August 22, 2018, the AGO Committee neither approved nor disapproved OIA's report number 18-101. The AGO Committee fully agrees with the findings and recommendations within the report. However, the AGO Committee questioned if the report's approved/published date of August 22, 2018 could inadvertently impede Aviation's recently initiated revenue audits of Aviation's off-site parking contractors.

During the August 22, 2018 AGO Committee meeting, Aviation also agreed with findings and recommendations of report number 18-101. However, Aviation informed the AGO Committee that in response to one recommendation, Aviation had recently engaged an organization to verify and confirm the revenue and fees paid to Aviation by its off-site parking contractors. Aviation represented that the publication of report number 18-101 on August 22, 2018 might alert off-site parking contractors of potential billing issues prior to obtaining requested information from the off-site parking contractors.

Aviation stated that auditor information requests would be sent to each off-site parking contractor on August 23, 2018 and asked the AGO Committee if it was possible to delay the publication of report number 18-101 until the requested information was due to the auditors on September 6, 2018.

As a result of Aviation's concern, the AGO Committee recognized the significance of approving and publishing report number 18-101 prior to obtaining the requested information from Aviation's engaged auditors. Therefore, the AGO Committee took no action on report number 18-101, which automatically initiated Section 2-10-5 (K) that states, "If the committee does not approve a report, then the City Auditor or Inspector General shall cause the report to become a published report no sooner than 15 business days from the date of the committee's review or consideration."


Edmund E. Perea, Esq., Chairperson
Accountability in Government Oversight Committee

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APPENDIX E

CITY AUDITOR'S RESPONSE

TO THE

ACCOUNTABILITY IN GOVERNMENT OVERSIGHT
COMMITTEE'S

CAUTIONARY STATEMENT

CITY OF ALBUQUERQUE



To Whom It May Concern,

The City Auditor updated audit report number 18-101 to include the AGO Committee's cautionary statement per AGO Ordinance § 2-10-5 ROA 1994 which states:

If the committee does not approve a report, then the City Auditor or Inspector General shall cause the report to become a published report no sooner than 15 business days from the date of the committee's review or consideration. The committee may draft a cautionary statement for inclusion with the report during this 15 day period which, if provided to the City Auditor or Inspector General within this timeframe, will be made part of the published report.

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In response to the AGO Committee's cautionary statement the City Auditor has been in communication with the Aviation Department (Department) as to the status of its current revenue audits of the Department's airport parking contractors. The Department has assured the City Auditor that the delay in the issuance of this report has allowed the Department's external auditor appropriate time to gather information and that issuance of audit report number 18-101 will not impede on the execution of the Department's revenue audits.

www.cabq.gov


Jim Thompson, City Auditor
Office of Internal Audit