

Performance Audit

**PUBLIC  
PARKING AUTHORITY  
Of  
PITTSBURGH**

Report by the  
Office of City Controller

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July 2013

July 2, 2013

To the Honorables: Mayor Luke Ravenstahl and  
Members of Pittsburgh City Council:

This performance audit of the *Public Parking Authority of Pittsburgh* (“PPA”, “Authority”) was conducted pursuant to the Controller’s powers under Section 404(c) of the Pittsburgh Home Rule Charter. This audit assesses the Authority contract award process, management of parking operations and City residential permit parking program administration and enforcement.

## EXECUTIVE SUMMARY

The Public Parking Authority of Pittsburgh is a municipal parking authority authorized by law to establish a permanent coordinated system of parking and parking terminal facilities and to administer and enforce an efficient and coordinated system of on-street parking regulations as authorized by municipal ordinance or resolution.

The PPA operates eleven parking garages, 33 parking lots, 458 surface parking spaces on the Monongahela Wharf and 810 surface parking spaces at the Second Avenue Parking Plaza. The Authority also monitors and collects payment from approximately 6700 on street parking spaces. The PPA enforces non-resident and visitor parking time limits in RPPP areas and issues tickets for nonpayment for street parking spaces.

## Findings and Recommendations

### Contract Management

**Finding:** The colored folders in the contract files do not function as an organizational system for consistent file documentation. For example, in Contract A file, the red folder had insurance information. In Contract B file, the red folder had a copy of the Request for Proposal (RFP).

**Recommendation:** The Authority should maintain consistent documentation in each colored file. Using the colored file folders to contain the same contract documentation creates efficiency and recognition throughout the file system.

**Finding:** Copies of Authority bid advertisements are not kept in the respective contract file, but are kept in one account payable file located in the PPA’s Finance Department.

**Recommendation:** A copy of each advertisement should also be kept in the individual contract file.

#### Compliance with Statutory Procurement Requirements

##### Contracts for Construction, Reconstruction/Repair and Supplies/Materials

**Finding:** The Pittsburgh Parking Authority's contract award procedures for Construction, Reconstruction/Repair and Supplies/Materials contracts are in substantial compliance with applicable statutory procurement requirements.

#### Construction Contracts over \$25,000

Parking Authority Construction contracts in excess of \$25,000 must comply with the Steel Products Procurement Act that Act requires all steel purchased to be made in the United States.

**Finding:** PPA requires no proof from contractors that steel used in construction is made in the United States. None of PPA's contracts contain language requiring that the contractor purchase only steel made in the US.

**Recommendation:** To ensure compliance with the Steel Products Procurement Act, PPA should include language in its bid documents and contracts that all steel used in construction must be made in the United States. The contractor must also provide proof to PPA that the steel used was made in the US.

**Finding:** PPA had 100% compliance with proof of the Advertisement, Performance Bond and Labor and Material Bond requirements.

#### Incorrect Contract Categorization

**Finding:** Three of the nine contracts presented to the auditors as Construction Contracts were actually contracts for Professional Services. One of the contracts awarded to Desman Associates was presented as a separate contract but was an amendment of a previous Desman contract.

## Desman Associates Contract

**Finding:** The contract for garage structural assessment was later amended to include plans and specifications for improvements at the four garages. The value of the amended contract was \$171,360.09 and was characterized as a “sole source procurement”.

A memorandum to file from the Executive Director, dated February 16, 2012, indicates that he made a determination to award the second contract to Desman as a “sole source procurement” because “vendors that are capable of preparing the Plans and Specifications have indicated that they will not use DESMAN’s Assessment”.

**Finding:** The Executive Director could not produce any email or other communications from vendors to confirm the vendors’ position.

**Finding:** The PPA has awarded numerous contracts for garage rehab and reconstruction and should be aware of all industry standards.

**Finding:** If the industry standard is to have the same firm develop plans and specifications based on its own assessment, PPA Administration should have issued one RFP for structural assessments, plans and specification at the four garages.

**Finding:** A review of PPA’s contract list, dating from 2005, shows that this was the only instance that an assessment was made and paid for prior to developing construction specifications and plans.

**Recommendation:** If the Parking Authority believes a needs assessment of garages is needed, future Request for Proposals should combine needs assessment with construction plans and specifications.

## Contracts over \$4,000 but less than \$25,000

There were a total of 12 contracts that were \$4,000 or over but less than \$25,000 in our sample. Seven of the contracts were awarded after November 3, 2011, when the statutory threshold was increased from \$4,000 to \$10,000. Although the statutory quote requirement no longer applied to these seven contracts, PPA did solicit three quotes.

**Finding:** All 12 contract files contained at least three qualified and responsible contractor quotes which included the date of the quotation, contractor name, and contractor representative, description of work and price of each quote.

**Finding:** PPA keeps exceptional records for contracts over \$4,000 but less than \$25,000.

## Compliance with PPA Internal Award Documentation

### Contracts over \$25,000

**Finding:** The PPA requires bidders to submit additional bid information on forms provided by the Authority for all Construction and Supply and Material Contracts over \$25,000.

**Recommendation:** By requiring additional documentation, PPA is exceeding State contract award requirements. This is a good practice and should be continued.

**Finding:** Five contracts were in a CDBG area and required that the Contractor pay prevailing wage. Four of the contracts or 80% had Verification of Certified Payroll in the file. The authority was waiting for one Contractor to submit Verification of Certified Payroll.

**Finding:** All files had 100% documentation compliance with the 8 other types of PPA contract award requirements.

### Contracts over \$4,000 but less than \$25,000

**Finding:** Documentation of insurance certificates and tax ID numbers were not found in 92% and 84% of the files, respectively. All required documentation not originally found in the contract file was provided to the auditors.

**Recommendation:** The PPA should include all required documentation in its contract files.

### Contracts less than \$4,000

PPA requires all contracts less than \$4,000 to have phone quotes. Between \$1 and \$999.99, one (1) quote is needed and between \$1,000 and \$3999.99, three (3) quotes are needed.

**Finding:** Two out of three contracts followed PPA's internal award documentation procedures. The third contract was greater than \$1,000 and less than \$3,999 but only had one quote instead of the required three. The dollar amount was for \$1,355.00.

**Recommendation:** The PPA should adhere to its own contractual requirements.

**Recommendation:** The PPA should increase the maximum amount for single quote from \$1,000 to \$2,000.

## **Professional Services Contracts**

**Finding:** The Pittsburgh Parking Authority’s contract award procedures for Professional Services Contracts are in substantial compliance with applicable statutory procurement requirements.

**Finding:** All contract files contained a copy of the Request for Proposal; four out of 5 contract files (80%) contained proposal evaluation criteria, proposal rankings and were awarded to the highest ranked.

**Finding:** One contract file was listed as a professional services contract but appears to have been awarded on a lowest responsible bidder basis. This contract file had no proposal evaluation criteria or proposal rankings and was not awarded to the highest ranked engineering firm.

**Finding:** None of the contract files had proof of fee negotiations. Whether this is due to the reasonableness of the fees submitted by the awardees in their proposals is unknown.

### **City-PPA Cooperation Agreement and Parking Meter Ownership**

**Finding:** The PPA Executive Director maintains that the meters are PPA property when purchased, become City property when installed, and revert to being Authority property when they are removed. Because a decommissioned or removed parking meter is Authority property, the Authority can dispose of it in any manner.

**Finding:** The co-op agreement between the City and PPA, effective February 5, 1995 and amended January 1, 2000, stated all parking meters were City property. Meter and meter replacement part purchases made subsequent to the co-op agreement were ordered and paid for by PPA, not the City.

**Recommendation:** The City-PPA Cooperation Agreement should be amended to confirm the Parking Authority right to dispose of street parking meters.

### **Warehouse Inventory Count of Decommissioned Meters**

The adoption of the multi-space pay-by-plate CALE parking system necessitated the decommissioning of multi-space and single space parking meters. According to PPA administration the decommissioned meters, replaced by CALE kiosks, were being stored for possible resell to smaller townships or individuals or scrap.

**Finding:** The auditors counted 3,425 single meters stored in PPA’s warehouse and storage room. This represents 90% of the reported 3,805 inventory leaving 380 single meters or 10% of the inventory unaccounted for or missing.

The Executive Director disagreed with the number of single space meters (SSM) provided to the auditors, stating that the data actually was the number of parking spaces, not the number of meters and provided lists of “total meter count by street and district”.

**Finding:** The total meter count sheets were not dated. The auditors could not ascertain when the sheets were created or by whom.

**Recommendation:** As meters are removed by CALE and replaced with multi space machines, a PPA representative must oversee meter removal, storage and disposition and record that data in a timely manner. Timely recorded data improves internal controls for inventory tracking and accountability.

#### Scrap Disposal

The auditors requested copies of all receipts received from the sale of scrap in September, 2011, December 2011 and February 2012.

**Finding:** According to an e-mail from the Authority Finance Director, directed to other Authority personal, the September 2011 scrap sale yielded \$1,640 but the Parking Authority received no compensation for an additional “scrap clean-up” in December 2011.

**Finding:** PPA did not provide documentation showing where the scrap was taken in the additional clean-up or provide an explanation as to why no money was received as was the case in the September 2011 scrap sale.

**Finding:** Other e-mails stated that more scrap was disposed of in February 2012 but only yielded \$114.05. There was no information documenting who paid for the scrap.

#### Unaccounted for Scrap Disposal

Emails sent by the Inventory Clerk on December 28, 2011 to the head of RPPP, Assistant Director of Enforcement and Metered Services and the Finance Director reported missing inventory.

**Finding:** Later e-mails from the Assistant Director of Enforcement and Metered Services revealed that the missing inventory was disposed of by him as scrap “with the permission of and in the presence of the Executive Director”.

**Finding:** The e-mail explaining what happened to the missing inventory contained no other details such as who took the scrap and how much money, if any, was received. The auditors e-mailed the Executive Director for an explanation of these circumstances but never received a response. Scrap and any monies collected from its sale are still unaccounted for.

**Recommendation:** The missing scrap inventory and lack of accountability for monies collected should be further investigated and controls should be put in place that provide full accountability for disposal of scrap and other inventory.

## Capital Project Expenditures

**Finding:** There is no relationship between the age of the lot or garage and the amount of money that has been spent on its upkeep.

**Finding:** Six of the 28 garages and lots that received capital project money had no construction or acquisition date listed.

**Finding:** Concrete repairs/projects have been the Authority's largest Capital expense. Since 2005, \$5,814,237.98 or 64% of money spent on garages was for concrete repairs. The second largest Capital repairs/projects expenditure has been for software and meters totaling \$5,274,018.80.

## Capital Needs Budget

**Finding:** The Parking Authority's 10 year Capital Needs Budget has plans for a new garage facility every four years starting in 2014.

**Finding:** The largest expenditure category in the 10 year Capital Needs Budget is for concrete slab repair spending \$10,825,500 or 8.82 % of the budget. Concrete and slab repair has been the largest expense for the last eight years and is estimated to remain the largest for future Capital Projects through 2014.

**Finding:** The 10 year Capital Needs Budget does not itemize where repairs will be needed. It lists general expenditure categories as Executive, Administration, Project Management, Parking Services, Enforcement and Meter Services and Finance.

**Recommendation:** PPA should itemize its anticipated capital expenditures to better track future garage repairs and renovations.

## Garage Parking Revenue Control Systems and Online Parking Space Reservations

**Finding:** PPA uses two different revenue control systems in its parking garages. Six downtown garages and the Second Avenue Parking Plaza employ the CTR system and five garages (three downtown and one each in Oakland and Shadyside) utilize a system by PSX. The PSX system was installed at the insistence of a former Executive Director.

**Finding:** Customers will be able to make online parking space reservations only at the CTR system garages. Different software is needed for online reservations at the PSX garages.

**Finding:** Offering online reservation capability at some but not all PPA downtown garages could be confusing to consumers who would expect uniform practices in all PPA garages located within the same area.

**Finding:** Two of the three downtown garages (Ft. Duquesne & Sixth and Smithfield-Liberty) budgeted to become “new garage facilities” in PPA’s 10 year capital needs budget already employ the CTR system. The other garage (Ninth and Penn) is currently controlled by PSX. Work on this garage is scheduled for 2014.

**Recommendation:** The PPA should weigh the cost benefit of investing in a compatible online reservation program for the two downtown garages that will remain controlled by the PSX system at least through 2022.

### **Parking Rate Increases**

**Finding:** Starting June 1, 2011, sixty-one percent (61%) of parking zones experienced a rate increase; in 1/1/2012, seventy-six percent (76%) of parking zones experienced a rate increase; and on 1/1/2013, forty-two (42%) of parking zones experienced a parking rate increase.

**Finding:** There are no parking zone rate increases scheduled for any City neighborhood in 2014 and 2015.

**Finding:** The largest rate increases have been in Oakland Zones 1 and 2 and the North Shore increasing from 50 cents an hour to \$2.00 an hour on January 1, 2012. This is a 300% increase. The second largest rate increase was in Oakland Zone 4 increasing from 70 cents an hour to \$2.00 an hour on January 1, 2012. This is a 185% increase.

**Finding:** Downtown rates increased from \$2.00 an hour to \$3.00 an hour on January 1, 2012, a 50% increase.

**Finding:** The North Shore had a 400% increase in parking rates as of January 1, 2013 by increasing the hourly rate from 50 cents an hour to \$2.50 an hour.

**Finding:** Carrick is the only City neighborhood with no rate increase.

**Recommendation:** PPA should survey the businesses where the CALE kiosks are installed in order to determine the effect, if any, of increased rates on their businesses. If the rate increase has negatively affected the business community, then a lower rate change may be warranted. This may be especially true after 5 PM when free parking may be a viable option.

### **Increase in Collection Revenue**

**Finding:** Collections have increased for December 2011 vs. 2012, January 2012 vs. 2013, and February 2012 vs. 2013 even with January 2012 being a snow storm affected month.

**Finding:** The revenue increases during January and February 2013 for street collections was 48.74% and 46.69% respectively.

**Finding:** For the limited number of CALE kiosks system installed it appears to be substantially increasing the street parking revenues of the PPA.

#### CALE Kiosks Reliability

**Finding:** The online notification system of problems by CALE kiosks improves the efficiency of the multi-space metered system, making the equipment more reliable.

**Finding:** Conversations with current Parking Enforcement Officers indicate ongoing problems with the handheld devices.

**Finding:** PPA management does not track malfunctions associated with the handheld devices.

**Recommendation:** The Authority administration should track malfunctions associated with the Parking Enforcement Officer's hand held devices. Identifying and correcting malfunctions will help decrease downtime and improve parking enforcement efficiency.

#### Potential Parking Enforcement Officer (PEO) Errors

**Finding:** Errors in entering the license plate numbers have been reported; by both the parker and the PEO. If a PEO enters the wrong license plate number a parking ticket could be issued to an incorrect vehicle causing a major inconvenience.

**Recommendation:** The PPA administration should talk with the State Department of Transportation about providing bar code technology for the license plate number on its vehicle registration sticker.

#### Residential Permit Parking Program

##### RPPP Decals and Visitor Passes

**Finding:** Estimating the number of permits and visitor passes needed for the forthcoming year is more art than science.

**Finding:** Data from PPA indicates that the number of permits and passes ordered exceed the number actually sold in five of the six RPP areas for which final yearly data was available.

**Finding:** Permit decals and visitor passes costs are minor compare to projected sales.

## Non-Residents Tickets

**Finding:** In 2011, eight RPPP areas in Lawrenceville, Oakland, Bloomfield, Shadyside and Uptown accounted for 57% of all tickets issued. In 2012, eight RPPP areas in the same City neighborhoods accounted for 54% of all tickets.

## Visitor Pass Tickets

**Finding:** Relatively few tickets were issued for visitor pass non-compliance. In 2011, 490 tickets were issued; 379 tickets were issued in 2012. In both years, the most tickets were written in RPPP area A (Lawrenceville/Bloomfield): 116 tickets in 2011 and 81 tickets in 2012.

## Comparison with other RPPP Programs

## Purchasing and Replacing Permit Decals and Visitor Passes

**Finding:** The Authority's RPPP application and renewal process is relatively user friendly. Other cities such as Boston, Denver and San Francisco also allow permit renewals to be made online.

**Recommendation:** PPA should consider offering online RPPP permit renewals.

## Outstanding Parking Tickets and RPPP Permits

**Finding:** Boston, Berkeley, Wilmington and Denver will not issue a parking permit if the applicant has outstanding parking tickets. All outstanding parking tickets must be paid prior to obtaining or renewing a parking permit.

**Recommendation:** Requiring that no outstanding tickets be a precondition for obtaining a parking permit would insure that outstanding tickets get paid. PPA should determine whether a City Code amendment would be necessary and pursue this requirement with City Council and City Planning.

## Visitor Passes

**Finding:** The majority of cities surveyed issue visitor passes for varying time frames. Visitor passes are most often sold to permit holders. In Washington DC, free visitor passes can be picked up at the police station or substation in the ward where permit holder resides.

**Recommendation:** PPA should consider asking City Council to amend the Code to allow varying types of visitor passes. Passes for different lengths of time should be sold for different prices.

## Contractor Passes/Permits

**Finding:** Other cities offer parking permits for contractors. San Francisco offers annual permits for \$842 and six month permits for \$421. For \$100, Philadelphia contractors can obtain a six month permit that allows them to park in unlimited metered and timed parking zones.

**Finding:** City Code limits RPP area permits to residential and visitor passes. Contractors doing extended work in RPPP areas can apply for a variance through PPA enforcement office or RPP office.

**Recommendation:** PPA should ask City Council to amend the Code to allow annual permits for marked contractor trucks. Annual contractor permits would allow unlimited parking in any RPP area and eliminate need for contractors to obtain multiple variances.

**Recommendation:** PPA should investigate whether the City Code must be amended to allow for the sale of contractor permits.

We are pleased that the Pittsburgh Parking Authority agrees with many of our recommendations for improving Authority operations. I would like to thank the Executive Director and his staff for their cooperation and assistance with this audit.

Sincerely,

Michael E. Lamb  
City Controller

## INTRODUCTION

This performance audit of the Public Parking Authority of Pittsburgh (“PPA”, “Authority”) was conducted pursuant to the Controller’s powers under Section 404(c) of the Pittsburgh Home Rule Charter. This audit assesses the Authority contract award process, management of parking operations and City residential permit parking program administration and enforcement.

## OVERVIEW

The Public Parking Authority of Pittsburgh is a municipal parking authority organized pursuant to the Pennsylvania Parking Authority Law approved June 5, 1947, P.L. 458, as amended. The Authority is authorized by law to establish a permanent coordinated system of parking and parking terminal facilities and to administer and enforce an efficient and coordinated system of on-street parking regulations as authorized by municipal ordinance or resolution.

### Parking Facilities

The PPA operates eleven parking garages, 33 parking lots throughout the City, 458 surface parking spaces on the Monongahela Wharf and 810 surface parking spaces at the Second Avenue Parking Plaza. Nine of the parking garages are located downtown, one in Oakland and one in Shadyside. The Authority also monitors and collects payment from approximately 6700 on street parking spaces.

### Organization Chart

As of December 31, 2012, the Authority had 116 full time and 24 part time employees. Seventy three percent (72.8%) of PPA employees belong to collective bargaining units. The unionized employees consist of 78 full time employees (18 parking enforcement officers, 4 meter repairmen, 3 meter collectors, 53 garage attendants) and 24 part time employees (3 maintenance laborers, 2 clerk typists, 18 parking enforcement officers and 1 garage attendant).

### Authority General Fund Operating Budget

The 2012 proposed General Fund Operating Budget for the Authority anticipated a 9.1% revenue increase from 2011 budget for a total of \$38,316,284. The operating expenses for the same time frame were also increased by 7.6% to \$26,952,695. Total operating revenue minus operating expenses had a net income from operations of \$11,363,589. The net income from operations is used to pay that years scheduled debt service of \$9,008,207, the City’s share of On-Street Meter Revenue of \$361,150 and the City’s share of the Mon Wharf revenue of \$294,000. The balance of \$1,700,233 is used to fund the following year’s capital expenditures.

The Authority is responsible for the Pittsburgh Parking Court’s (PPC) Budget. The proposed 2012 General Fund Operating Budget for the Parking Court is \$10,500,000 in revenue.

Total Operating Expenses are proposed at \$2,476,611. Operating Revenue minus expenses leaves \$8,023,389. City of Pittsburgh share of the Pittsburgh Parking Court revenue is \$7,221,050. The Authorities share of PPC revenue is \$802,339.

#### Residential Permit Parking Program (RPPP)

Pittsburgh's RPPP provides residents of designated areas an opportunity to park near their homes. Permit parking areas are initiated by citizen request and the designation process is overseen by the Department of City Planning. The Parking Authority issues resident and visitor permits and enforces non-resident parking limitations.

#### Parking Enforcement

The PPA enforces non-resident and visitor parking time limits in RPPP areas and issues tickets for nonpayment for street parking spaces. As of January 2013, Pittsburgh had 32 permit parking areas with varying enforcement times and days. Enforcement hours range from 7 AM to Midnight, Monday through Friday or Monday through Saturday.

Traditional, single space parking meters can be found on some City streets. However, the Authority has implemented a pay by license plate multi-space meter system since July 2012. The play by plate system has been installed in Downtown, Oakland, Southside, parts of the Strip District, Bloomfield, Shadyside, Uptown, East Liberty and North Shore. Payment for use of these multi-space meters must be made at one of the kiosks located within that parking zone. Enforcement hours and hourly rates vary depending on the zone. Parking is free in all zones on Sunday.

## **OBJECTIVES**

1. Assess the contract award process for professional service, supplies and materials and construction contracts.
2. Assess compliance with statutory procurement requirements and internal procurement procedures.
3. Assess Authority disposal procedure for parking meters and other scrap metal.
4. Assess Authority parking facilities and on street parking operations.
5. Assess Authority administration and enforcement of the City Residential Permit Parking Program.
6. Make recommendations for improvement.

## **SCOPE**

The scope of this performance audit is 2011 and 2012 for the professional and construction contract award process. The scope for the Residential Permit Program is 2012 and the scope for implementation of the new Kiosk system is 2012 through February 2013.

## METHODOLOGY

The auditors met with the Parking Authority Executive Director and Director of Project Management to discuss Authority policies and procedures for awarding construction and professional service contracts, the new street parking payment kiosks, residential permit parking program and Authority operations.

Conversations took place with the Inventory Clerk and the Manager of Meter Services about inventory procedures. The auditor reviewed e-mails from the Executive Director, Assistant Director of Enforcement and Meter Services, the Inventory Clerk, Finance Director and the Director of RPPP associated with scrap disposal.

The auditors researched the internet for information about other cities residential parking permit programs and use of multi space kiosks for on street parking payment.

The auditors toured the Parking Authority's warehouse located at 12<sup>th</sup> Street & Penn Avenue to assess the inventory of old meters, available scrap and met CALE's Area Service Manager. Procedures for installing new kiosks and removing old meters were obtained. The auditors observed a new kiosk firsthand and learned how it works. Information on the capabilities of the Authority's computerized parking and enforcement system was gathered.

The auditors received examples of various performance statistics reports the PPA can generate from new CALE kiosk machines.

The auditors revisited the PPA's warehouse and performed a physical count of the inventory meters and posts. A comparison was made of the PPA's Metered Space Inventory Report numbers to a physical inventory count. The auditors also performed a physical count of inventory stored at the basement of PPA business offices located on the Boulevard of Allies. While there, auditors toured the space where the enforcement officers are dispersed and where handheld equipment is kept and recharged.

A list of Construction Contracts for 2011 & 2012 from the Parking Authority was requested and received. There were nine contracts greater than or equal to \$25,000 and 15 contracts equal to \$4,000 but less than \$25,000. The auditors tested compliance with statutory requirements and internal award procedures for each of the 24 contracts.

A sample of four contracts less than \$4,000 was tested for internal award procedures. No statutory requirements exist for this category of contracts.

A list of Professional Service Contracts for 2011 & 2012 contained six contracts. One contract was not awarded because plans were abandoned, leaving five contracts for testing. The five contracts were tested for compliance with statutory requirements and PPA internal award procedures.

The auditors requested reports about malfunctions or problems with the parking enforcement officers' handheld devices from Groupe Techna the devices manufacturer.

## FINDINGS AND RECOMMENDATIONS

### Contract Management

The auditors reviewed construction, supplies/materials, and professional services contracts awarded during the audit scope for compliance with statutory and internal award requirements. The total dollar amount of construction, supplies and materials, and professional service contracts reviewed was \$9,553,282.35.

The Parking Authority contract files are managed by the Director of Project Management and are kept at the main administrative building. Documentation for each awarded contract is kept in separate contract files comprised of different colored folders.

**Finding:** The colored folders do not function as an organizational system for consistent file documentation. For example, in Contract A file, the red folder had insurance information. In Contract B file, the red folder had a copy of the Request for Proposal (RFP).

### **RECOMMENDATION NO. 1:**

The Authority should maintain consistent documentation in each colored file. Using the colored file folders to contain the same contract documentation creates efficiency and recognition throughout the file system. For example, all blue folders could contain certified payrolls and prevailing wage information. Orange folders could contain proof of advertising, and so on.

**Finding:** Copies of Authority bid advertisements are not kept in the respective contract file, but are kept in one account payable file located in the PPA's Finance Department.

In order to verify proof of advertisement the auditors had to go through this general advertising file to locate each advertisement specific to a contract.

### **RECOMMENDATION NO. 2:**

A copy of each advertisement should also be kept in the individual contract file.

## **Compliance with Statutory Procurement Requirements**

### **Contracts for Construction, Reconstruction/Repair and Supplies/Materials**

The Pittsburgh Parking Authority is subject to Pennsylvania 53 Pa. C.S.A. §5501, *et seq.*, Parking Authorities. Section 5511, Competition in Award of Contracts, applies to all contracts for construction, reconstruction, repair and supplies and materials. Contract value determines which statutory procurement requirements apply.

Prior to November 3, 2011, there were two statutory requirement thresholds. One was for contracts over \$25,000 and the second for contracts over \$4,000 but less than \$25,000. There were no statutory requirements for contracts under \$4,000.

After November 3, 2011, the statutory requirements for contracts over \$25,000 did not change but the second threshold was raised from \$4,000 to \$10,000. Currently, there are no statutory requirements for construction, reconstruction, repair and supplies/materials contracts valued under \$10,000. It is important to note that the requirements did not change, only the dollar amount of the contracts to which they apply.

**Finding:** The Pittsburgh Parking Authority's contract award procedures for Construction, Reconstruction/Repair and Supplies/Materials contracts are in substantial compliance with applicable statutory procurement requirements.

### **Construction Contracts over \$25,000**

The change in law did not affect contracts over \$25,000. The statutory requirements remained the same during the entire scope period, 2011 and 2012.

The statutory award requirements for Construction, Reconstruction or Repair Work Contracts valued over \$25,000 are as follows:

- Public notice (advertisement) must be given asking for competitive bids.
- Award to lowest responsible bidder
- Copy of Performance bond
- Copy of Labor and Material Bond.
- If steel is purchased it must comply with the Steel Products Procurement Act. This Act requires all steel purchased to be made in the USA.

Supplies and Materials Contracts over \$25,000

Statutory Award Requirements are different for Supply and Material Contracts over \$25,000. The requirements are as follows:

- Public advertisement;
- Advertisement at least 10 days before contract awarded;
- Lowest bid taken;
- All bids for supplies and material have to be of the same quality; material composition must be equal. (Equal Goods)
- Authority can reject any or all bids or a single item from the bids if an equal good and the lowest bidder.
- Above provisions are not applicable if product offered is a patented and manufactured product offered in a non-competitive market or offered solely by manufacturer’s authorized dealer.

**Testing Results**

State Required Procedures of Construction Contracts over \$25,000

During 2011 and 2012, nine (9) contracts over \$25,000 were awarded by PPA. Two of the contracts were for the same job by the same contractor. Upon investigation the second contract was an amendment to the first or earlier contract. As an amendment or continuation of the original contract, the two contracts were counted as one for the sample purposes. This reduced the sample size to eight (8).

Of these eight (8) remaining contracts in the sample, two of the contracts over \$25,000 were for supplies/materials. These two contracts are discussed below. Removing the two supply/material contracts from the sample of eight reduced the sample size to six.

**TABLE 1**  
**CONSTRUCTION CONTRACT COMPLIANCE**  
**WITH STATE REQUIRED PROCEDURES**  
**for Contracts Over \$25,000**  
**(Sample size six)**

	<b># Found in File</b>	<b>Percent</b>	<b># Not Found in File</b>	<b>Percent</b>	<b>Not Applicable</b>
<b>Advertisement</b>	6	100%	0	0%	0
<b>Was lowest responsible bidder taken</b>	4	80%	1	20%	1
<b>Copy of Performance Bond</b>	5	100%	0	0%	1
<b>Copy of Labor and Material Bond</b>	4	100%	0	0%	2
<b>Proof that Steel Products Procurement Act was followed**</b>	0	0%	1	100%	0

\*only one contract had a change of specifications and notice was given to all bidders.

\*\*only one construction contract required the use of steel.

**Finding:** PPA requires no proof from contractors that steel used in construction is made in the United States.

**Finding:** None of PPA's contracts contain language requiring that the contractor purchase only steel made in the US.

### **RECOMMENDATION NO. 3:**

PPA should include language in its bid documents and contracts that steel used in construction must be made in the US to ensure compliance with the Steel Products Procurement Act. The contractor must also provide proof to PPA that the steel used was purchased in the US.

**Finding:** PPA had 100% compliance with having a copy of the Advertisement, Performance Bond and Labor and Material Bonds available.

### **Testing Results**

#### **State Required Procedures of Supply and Material Contracts over \$25,000**

Two contracts listed as Construction Contracts actually were Supply and Materials Contracts: CALE America Inc. and Groupe Techna, Inc. The CALE contract, valued at \$3,665,855.00, was for installation of pay-by-plate multi-space parking system. The Groupe Techna contract was a Supplies and Material Contract valued at \$760,120.00. It is for Parking Enforcement's handheld ticket writers and computers used for identifying paid license plates for the CALE kiosk system.

The Groupe Techna, Inc. contract under review was for upgrades to equipment originally purchased in 2006. Groupe Techna is a sole source provider for its equipment upgrades.

#### **Incorrect Contract Categorization**

The above referenced CALE contract, listed as construction contract, was awarded as a professional service contract. Another contract, awarded to Desman Associates for assessing garage structural conditions, similarly was listed as a construction contract and awarded as a professional service contract.

**Finding:** Three of the nine contracts presented to the auditors as Construction Contracts were contracts for Professional Services.

**Finding:** Of the three above referenced contracts, originally listed as Construction Contracts, one was an amendment of the other.

## Desman Associates Contract

In March 2011, PPA issued an RFP for assessing the structural condition of four garages. The contract, valued at \$86,610.00, was awarded to Desman Associates. Desman was not the low bidder but was assessed the most points in the proposal evaluation process.

**Finding:** The contract for garage structural assessment was later amended to include plans and specifications for improvements at the four garages. The value of the amended contract was \$171,360.09 and was characterized as a “sole source procurement”.

A memorandum to file from the Executive Director, dated February 16, 2012, indicates that he made a determination to award the second contract to Desman as a “sole source procurement”. The stated reason was “vendors that are capable of preparing the Plans and Specifications have indicated that they will not use DESMAN’s Assessment”. The vendors asserted that it is industry standard to first conduct their own assessment prior to developing specifications. The memorandum went on to state “This duplication of work would result in a considerable amount of avoidable expenses for the PPAP”.

**Finding:** The Executive Director could not produce any email or other communications from vendors to confirm the vendors’ position.

**Finding:** The PPA has awarded numerous contracts for garage rehab and reconstruction and should be aware of all industry standards.

**Finding:** If the industry standard is to have the same firm develop plans and specifications based on its own assessment, PPA Administration should have issued one RFP for structural assessments, plans and specification at the four garages.

**Finding:** A review of PPA’s contract list, dating from 2005, shows that this was the only instance that an assessment was made and paid for prior to developing construction specifications and plans.

## **RECOMMENDATION NO. 4:**

If the Parking Authority believes a needs assessment of garages is needed, future Request for Proposals should combine needs assessment with construction plans and specifications.

## CALE America Inc. Contract

PPA included the CALE contact in its list of Construction Contracts, but this contract was not awarded as a Construction Contract to the lowest responsible bidder. Rather the CALE proposal was treated as a Professional Services Contract that was reviewed by a committee and ranked according to evaluative criteria. The highest ranked proposal is awarded the contract.

**Finding:** The RFP makes reference to establishing a committee to review rank and recommend a proposal based on specific criteria. It also states that “this RFP is to promote competitive proposals and avoid the imposition of requirements that limits the project to a single source or makes it impossible for any source to satisfy the requirements set forth herein”.

Eight proposals were reviewed and ranked by a five-member committee. The criteria used for evaluation included the following: qualifications, project description, value added items, prior Authority experience, public awareness strategy, additional specifications, MBE/WBE participation, total cost of life cycle and equipment.

**Finding:** CALE was ranked highest with an average of 84.16 points out of 100 total points and was awarded the contract for the multi-space meter installation throughout the City of Pittsburgh. This was in compliance with the RFP stipulations.

### **Pittsburgh Parking Authority’s Internal Award Documentation**

#### Construction and Supplies and Material Contracts over \$25,000

**Finding:** The PPA requires bidders to submit additional bid information on forms provided by the Authority for all Construction and Supply and Material Contracts over \$25,000.

Unlike the State, PPA does not have different internal award requirements for Construction and Supply and Material Contracts over \$25,000.

The Pittsburgh Parking Authority requires that the following documents be kept in Construction and Supply and Material Contract files over \$25,000:

- Signed copy of the contract or agreement
- Number of contractors attending the pre-bid conference
- Number of bids received
- Copy of form of bid
- Prevailing wage scale (if necessary) and verification of certified payroll
- Copy of insurance bond
- Copy of the resolution from board approving the contract.

### **RECOMMENDATION NO. 5:**

By requiring additional documentation the PPA is exceeding State contract award requirements. This is a good practice and should be continued.

## Testing Results

### PPA Internal Award Documentation for Construction Contracts over \$25,000

**TABLE 2**  
**COMPLIANCE WITH PPA**  
**INTERNAL AWARD DOCUMENTATION**  
**CONSTRUCTION CONTRACTS**  
**Over \$25,000**  
**(Sample size six)**

DOCUMENTATION	# Found in File	Percent	# Not Found in File	Percent	Not Applicable
Signed copy of the contract or agreement	6	100%	0	0%	0
Number attending pre-bid conference	5	100%	0	0%	1
Number bids received	6	100%	0	0%	0
Copy Form of Bid	5	100%	0	0%	1
Prevailing wage Scale (if necessary)	5	100%	0	0%	1
Verification of Certified Payroll	4	80%	1	20%	1
Copy Insurance Bond	5	100%	0	0%	1
Copy Resolution from Board	6	100%	0	0%	0
Warranty Bond	3	100%	0	0%	3
MBE/WBE Forms	6	100%	0	0%	0

**Finding:** Five contracts were in a CDBG area and required that the Contractor pay prevailing wage. Four of the contracts or 80% had Verification of Certified Payroll in the file. The authority was waiting for one Contractor to submit Verification of Certified Payroll.

**Finding:** All files had 100% documentation compliance with the 8 other types of PPA contract award requirements.

### **State Required Procedures**

#### Contracts over \$4,000 but less than \$25,000

The following list is of the Required State Procedures for contracts over \$4,000 and less than \$25,000. The competitive bid process involves phone quotations.

- There must be a minimum of three qualified and responsible contractor quotes.
- Each quote must include a date of quotation, contractor name and contractor representative, description of work and price.
- The written record of quotes must be retained for a period of 3 years.

### Contracts less than \$4,000

There are no statutory award requirements for Contracts less than \$4,000.

### **Testing Results Required State Procedures**

#### Contracts over \$4,000 but less than \$25,000

There were a total of 12 contracts that were \$4,000 or over but less than \$25,000 in our sample. Seven of the contracts were awarded after November 3, 2011, when the statutory threshold was increased from \$4,000 to \$10,000. Although the statutory quote requirement no longer applied to these seven contracts, PPA did solicit three quotes.

**Finding:** All 12 contracts had at least three qualified and responsible contractor quotes which included the date of the quotation, contractor name, and contractor representative, description of work and price of each quote.

The final requirement of keeping a written record of quotes for three years could not be tested because the contracts were awarded in 2011 and 2012.

**Finding:** PPA keeps exceptional records for contracts over \$4,000 but less than \$25,000.

### **PPA Internal Award Documentation**

In addition to the State requirements for awarding contracts, the Parking Authority requires the following documentation to be kept in contract files.

#### Contracts over \$4,000 but less than \$25,000

The PPA requires the following to be kept in the contract file:

- Insurance certificate,
- Purchase requisition,
- Tax ID number,
- Board approval and
- Award to the lowest responsible bidder.

Contracts less than \$4,000

The PPA requires all contracts less than \$4,000 to have phone quotes as follows:

- Between \$1 and \$999.99, One (1) quote is needed
- Between \$1,000 and \$3999.99, Three (3) quotes are needed.

**Testing Results PPA Internal Award Documentation**

Contracts over \$4,000 but less than \$25,000

**TABLE 3**

<b>TESTING RESULTS PARKING AUTHORITY INTERNAL AWARD DOCUMENTATION (Sample size 12)</b>				
	<b># Found in File</b>	<b>Percent</b>	<b># Not Found in File</b>	<b>Percent</b>
Insurance certificate	1	8%	11	92%
Purchase requisition	12	100%	0	0%
Tax ID number,	2	16%	10	84%
Board approval	12	100%	0	0%
Awarded lowest responsible bidder	12	100%	0	0%

**Finding:** PPA administration does not keep insurance certificates and tax ID numbers in individual contract files.

**Finding:** Documentation of insurance certificates and tax ID numbers were not in the files of 92% and 84% respectively. All required documentation not originally found in the contract file was provided to the auditors.

PPA stated that many of the same contractors win contracts again and again so insurance certificates and tax ID numbers are not copied and placed in every file.

**RECOMMENDATION NO. 6:**

The PPA should include the required documentation in its files.

**Finding:** PPA is 100% in compliance in 3 of its 5 contract award documentation requirements.  
**Testing Results Parking Authority Internal Award Documentation**

### Contracts less than \$4,000

There were 26 contracts awarded in the sample period that were less than \$4,000. Because there are not Statutory Requirements for these contracts, a 15% sample or four contracts were chosen in our sample time period. One contract was for an emergency and did not need to follow PPA's Internal Award Documentation requirement.

**Finding:** Two contracts followed PPA's procedures for their respective amounts. (1 contract less than \$999 had one quote; 1 contract that was between \$1,001 and \$3,999 had 3 quotes.)

**Finding:** The third contract was greater than \$1,000 and less than \$3,999 but only had one quote instead of the required three. No explanation was given as to why only one quote was solicited. The dollar amount was for \$1,355.00.

### **RECOMMENDATION NO. 7:**

The PPA should adhere to its own contractual requirements.

### **RECOMMENDATION NO. 8:**

The PPA should increase the maximum amount for single quote from \$1,000 to \$2,000.

### **Professional Services Contracts**

According to Section 5511 (i) Procurement: "notwithstanding any provision of this chapter or of Title 62 (relating to procurement) to the contrary, an authority shall be considered a State-affiliated entity for purposes of compliance with Title 62". The auditors were told that the Authority generally follows the competitive selection procedures for professional service contracts applicable to all State agencies, departments, bureaus and other divisions. The controlling statute is 62 Pa. Cons. Stat. §518.

The only statutory requirement for awarding Professional Services Contracts is that the "award shall be made to the responsible offer or determined in writing by the contracting officer to be best qualified based on the evaluation factors set forth in the request for proposals". The fee for such services must be "fair and reasonable compensation...determined through negotiation".

**Finding:** The Pittsburgh Parking Authority's contract award procedures for Professional Services Contracts are in substantial compliance with applicable statutory procurement requirements.

## Professional Service Contract Testing

To determine compliance with statutory requirements for awarding professional service contracts, the auditors examined the contract files for the following:

- Copy of RFP in file
- Proposal Evaluation Criteria
- Proposal Rankings
- Awardee the highest ranked
- Fee determined through negotiation

There were six professional service contracts provided by PPA during the years 2011-2012. The Saks Fifth Avenue project was abandoned after a proposal was let; leaving five professional service contracts in our sample.

The following table illustrates the testing results for the PPA's five professional service contracts.

**TABLE 4**  
**PROFESSIONAL SERVICE CONTRACT**  
**COMPLIANCE WITH**  
**STATE REQUIRED PROCEDURES**  
**(Sample size 5)**

	# Found in File	Percent	# Not Found in File	Percent
<b>Copy of RFP</b>	5	100%	0	0%
<b>Proposal Evaluation Criteria</b>	4	80%	1	20%
<b>Proposal Rankings</b>	4	80%	1	20%
<b>Awardee Highest Ranked</b>	4	80%	1	20%
<b>Fee Determined through Negotiation</b>	0	0	5	100%

**Finding:** All contract files contained a copy of the Request for Proposal.

**Finding:** Four out of 5 contract files (80%) contained proposal evaluation criteria, proposal rankings and were awarded to the highest ranked.

**Finding:** One contract file, for annual garage inspections, was listed as a professional services contract but appears to have been awarded on a lowest responsible bidder basis. This contract file had no proposal evaluation criteria or proposal rankings and was not awarded to the highest ranked engineering firm.

**Finding:** None of the contract files had proof of fee negotiations. Whether this is due to the reasonableness of the fees submitted by the awardees in their proposals is unknown.

## **City-PPA Cooperation Agreement and Parking Meter Ownership**

The original City-Pittsburgh Parking Authority Cooperation Agreement, effective February 5, 1995, was amended January 1, 2000. The Agreement gives the Authority responsibility “for the acquisition, maintenance and service of Parking Meters and collections of coins there from...”

Section 4.g. titled “City retains control over parking meters; Covenant by the City” states that “the Parking Meters shall always remain in the property of the City”.

**Finding:** The PPA Executive Director maintains that the meters are PPA property when purchased, become City property when installed, and revert to being Authority property when they are removed. Because a decommissioned or removed parking meter is Authority property, the Authority can dispose of it in any manner.

**Finding:** When the co-op agreement was signed, all parking meters were City property. The Agreement appears to reflect this ownership. Subsequent meter and meter replacement part purchases were made and paid for by PPA, not the City.

### **RECOMMENDATION NO. 9:**

The City-PPA Cooperation Agreement should be amended to confirm the Parking Authority rights to dispose of street parking meters.

## **Warehouse Inventory Count**

The adoption of the multi-space pay-by-plate CALE parking system necessitated the decommissioning of multi-space and single space parking meters. The multi-space pay-and-display meters were used in Authority owned parking lots. The single space meters were used for both on street parking and parking in Authority owned lots.

According to PPA administration the decommissioned meters, replaced by CALE kiosks were being stored for possible resell to smaller townships or individuals or scrap. The resell value of the meter head (housing and mechanisms) is \$75 and \$15 for the post. Scrap value is \$11.00 per 100 pounds (approximately 5 meter heads would total 100 pounds.).

According to information initially received from PPA, 3,805 single-spaced meters were removed by CALE and stored in the PPA warehouse at 12<sup>th</sup> & Penn Avenue downtown. The number of single-spaced meters remaining on the street is 3,033. The PPA’s director stated that all the meters are being stored at the warehouse and none were scrapped yet. The PPA is actively searching to sell the removed meters or scrap them in the future.

The auditors conducted a physical inventory count of the meters stored at the warehouse and at the business office's storage area. The meter heads were on wooden pallets, usually holding 14 meters per pallet, with four pallets stacked on top of one another. Stacks of posts were found in three separate piles.

**Finding:** The auditors counted 3,425 single meters stored in PPA's warehouse and storage room. This represents 90% of the reported 3,805 inventory leaving 380 single meters or 10% of the inventory unaccounted for or missing.

The Executive Director disagreed with the number of single space meters (SSM) provided to the auditors, stating that the report was the number of parking spaces, not the number of meters. The auditors asked for the exact number of SSMs removed by CALE and stored in the warehouse. The Inventory Clerk (IC) was asked to produce this data. The IC stated that an inventory count for meters removed by CALE has never been kept by her. The Assistant Director of Enforcement and Meter Services stated that he personally counted the number of street and lot meters prior to removal by CALE.

Lists of "total meter count by street and district" where the single space meters were removed by CALE subsequently was provided to the auditors. In an e-mail to the Executive Director dated June 20, 2013, the Assistant Director of Enforcement and Meter Services described disposition of the meters removed last year by CALE.

**Finding:** The total meter count sheets were not dated. The auditors could not ascertain when the sheets were created or by whom.

The June 20, 2013 e-mail states that 3505 single meters were removed by CALE "and stored in the warehouse", but then goes on to state that 80 of those meters were either given to CALE, reinstalled, presented to a Board member, stored in a crate or kept in the inventory room under the PPA office.

### **RECOMMENDATION NO. 10:**

As meters are removed by CALE and replaced with multi space machines, a PPA representative must oversee meter removal, storage and disposition and record that data in a timely manner. Timely recorded data improves internal controls for inventory tracking and accountability.

#### Scrap Disposal

The list of contracts supplied by PPA did not include a contract for buying scrap metal from the Authority. Conversation with PPA administration indicated that there was not a sufficient amount of scrap generated to warrant a contract. When there is enough scrap to be disposed of, a truck would take it to a local scrap yard where it was sold and a check generated for the Parking Authority

A request was made for any documentation associated with scrap disposals conducted in 2011 and 2012. Several e-mails were produced regarding scrap sales in September 2011 and February 2012. Both events were under the supervision of the Assistant Director of Enforcement and Metered Services and had the approval of the Executive Director.

The auditors requested copies of all receipts received from the sale of scrap in September, 2011, December 2011 and February 2012.

**Finding:** According to an e-mail from the Authority Finance Director, directed to other Authority personal, the September 2011 scrap sale yielded \$1,640 but the Parking Authority received no compensation for an additional “scrap clean-up” in December 2011.

**Finding:** The PPA did not provide documentation showing where the scrap was taken in the additional clean-up or provide an explanation as to why no money was received as was the case in the September 2011 scrap sale.

**Finding:** Other e-mails stated that more scrap was disposed of in February 2012 but only yielded \$114.05. There was no information documenting who paid for the scrap.

#### Unaccounted for Scrap Disposal

Meter replacement parts are kept in the basement under the downtown PPA Office. Inventory control is kept by an Inventory Clerk who maintains a data base of current inventory.

E-mails sent by the Inventory Clerk on December 28, 2011 to the head of RPPP, Assistant Director of Enforcement and Metered Services and the Finance Director reported missing inventory. The Inventory Clerk reported that she found a number of meter coin cups and electronic mechanisms missing after Christmas vacation.

**Finding:** Later e-mails from the Assistant Director of Enforcement and Metered Services revealed that the missing inventory was disposed of by him as scrap “with the permission of and in the presence of the Executive Director”.

**Finding:** The e-mail explaining what happened to the missing inventory contained no other details such as who took the scrap and how much money, if any, was received. The auditors e-mailed the Executive Director for an explanation of these circumstances but never received a response. Scrap and any monies collected from its sale are still unaccounted for.

#### **RECOMMENDATION NO. 11:**

The missing scrap inventory and lack of accountability for monies collected should be further investigated and controls should be put in place that provide full accountability for disposal of scrap and other inventory.

## Capital Project Expenditures

The Pittsburgh Parking Authority supplied a list of all Capital Projects performed since 2005. PPA also supplied a list as to when each garage or lot was constructed or acquired. Table 5 compares the dollar amount spent since 2005 for each garage or lot to the date the garage or lot was acquired.

**TABLE 5**

<b>AMOUNT of CAPITAL PROJECT MONEY            SPENT on EACH GARAGE or LOT            2005 THROUGH 2012            And DATE the GARAGE or LOT            WAS CONSTRUCTED or ACQUIRED</b>		
<b>LOCATION NAME</b>	<b>COMBINED TOTALS</b>	<b>DATE CONSTRUCTED OR ACQUIRED</b>
<b>Ft Duke &amp; 6th</b>	\$4,472,728.09	constructed 1959
<b>Smithfield/Liberty Garage</b>	\$1,383,082.89	constructed 1965
<b>Forbes Semple Garage</b>	\$995,421.00	constructed 1978
<b>Wood &amp; Allies Garage</b>	\$538,318.00	constructed 1984
<b>Third Ave Garage</b>	\$397,138.33	constructed 1952
<b>20th &amp; Sidney Lot</b>	\$370,780.00	Acquired November 2007
<b>42nd &amp; Butler Lot</b>	\$169,190.00	Acquired 8/11/1977
<b>Mellon Square</b>	\$130,413.98	constructed 1955
<b>Oliver</b>	\$97,600.00	constructed 1998
<b>Ninth &amp; Penn Lot Total</b>	\$92,644.00	constructed 1958
<b>1st Ave Gar &amp; Station Total</b>	\$71,926.00	constructed 2001
<b>Beacon Bartlett Lot Total</b>	\$62,675.00	acquired 7/16/1959
<b>Forbes Shady Lot Total</b>	\$62,025.00	acquired 10/18/1963
<b>Grant St Transport Ctr Total</b>	\$24,865.00	constructed 2008
<b>Walnut St Garage Total</b>	\$13,670.00	not listed
<b>2nd Ave Pk Plaza Total</b>	\$10,920.00	constructed 1997
<b>Harvard Beatty Lot Total</b>	\$9,316.00	Acquired 11/3/1970
<b>East Carson Lot Total</b>	\$9,300.00	not listed
<b>18th and Carson Lot Total</b>	\$8,073.00	acquired 9/27/1963
<b>Friendship Cedarville Total</b>	\$6,180.00	acquired 11/1/1965
<b>Main &amp; Alexander - Lot Total</b>	\$4,995.00	acquired 10/17/1979
<b>18th &amp; Sidney Lot Total</b>	\$4,650.00	acquired 9/27/1963
<b>Centre Craig Lot Total</b>	\$4,000.00	listed no date
<b>Forbes Murray Lot Total</b>	\$3,250.00	acquired 9/5/1972
<b>Mon Wharf</b>	\$2,500.00	pre- 1950
<b>Beechview Blvd. Lot Total</b>	\$2,295.00	listed no date
<b>Shiloh St. Lot Total</b>	\$2,165.00	not listed
<b>Liverpool St. Lot, Total</b>	\$950.00	not listed
<b>Grand Total</b>	<b>\$8,951,071.29</b>	

Source: Pittsburgh Parking Authority

**Finding:** There is no relationship between the age of the lot or garage and the amount of money that has been spent on its upkeep.

**Finding:** Six of the 28 garages and lots that received capital project money had no construction or acquisition date listed.

**Finding:** Concrete repairs/projects have been the Authority’s largest Capital expense. Since 2005, \$5,814,237.98 or 64% of money spent on garages was for concrete repairs.

**Finding:** The second largest Capital repairs/projects expenditure has been for software and meters totaling \$5,274,018.80.

Capital Needs Budget

PPA administration produced a 10 year Capital Needs Budget for 2013 through 2022.

The projected 10 year total of the Capital Needs Budget \$167,711,003. This includes \$122,700,000 for “new garage facilities” at three downtown locations: Ft. Duquesne & Sixth, Smithfield-Liberty and Ninth and Penn.

The garage at Ft. Duquesne & Sixth (1,200 spaces) is scheduled to become a “new garage facility” in 2018 at a cost of \$40,200,000; the garage at Smithfield-Liberty (1,000 spaces) is scheduled in 2022 at a cost of \$46,500,000; and the Ninth and Penn garage (1,000 spaces) is scheduled in 2014 at a cost of \$36,000,000.

**Finding:** The Parking Authority’s 10 year Capital Needs Budget has plans for a new garage facility every four years starting in 2014.

**TABLE 6**

<b>10 YEAR TOTAL CAPITAL NEEDS BUDGET BY FUNDING TYPE and PERCENT OF BUDGET</b>		
<b>FUNDING TYPE</b>	<b>BUDGETED AMOUNT</b>	<b>PERCENT OF BUDGET</b>
Partial and Full Depth Slab Repair	\$10,825,500.00	6.45%
HVAC, electrical and plumbing upgrade and replacement	\$4,954,500.00	2.95%
Garage Structural Repairs	\$4,542,000.00	2.71%
Garage Elevator Replacement	\$3,929,000.00	2.34%
Revenue Control Equipment	\$3,617,500.00	2.16%
Network/IT/upgrades and replacement	\$3,435,500.00	2.05%
Structural Steel Painting	\$1,490,000.00	0.89%
<b>TOTALS</b>	<b>\$32,794,000.00</b>	<b>19.55%</b>

**Source: Pittsburgh Parking Authority**

**Finding:** The largest expenditure category in the 10 year Capital Needs Budget is for concrete slab repair spending \$10,825,500 or 8.82 % of the budget.

**Finding:** Concrete and slab repair has been the largest expense for the last eight years and is estimated to remain the largest for future Capital Projects through 2014.

**Finding:** The 10 year Capital Needs Budget does not itemize where repairs will be needed. It lists general expenditure categories as Executive, Administration, Project Management, Parking Services, Enforcement and Meter Services and Finance.

### **RECOMMENDATION NO. 12:**

PPA should itemize its anticipated capital expenditures to better track future garage repairs and renovations.

### **Garage Parking Revenue Control Systems and Online Parking Space Reservations**

Garage parking control systems software and hardware manage vehicle access and egress and revenue collection. System hardware includes pay stations, ticket dispensers, exit stations, cashier terminals, lease card readers and automated barrier gates. System software is used to calculate rates, accept and verify payment, issue paid tickets and collect management information from these devices.

**Finding:** PPA uses two different revenue control systems in its parking garages. Six downtown garages and the Second Avenue Parking Plaza employ the CTR system and five garages (three downtown and one each in Oakland and Shadyside) utilize a system by PSX. The PSX system was installed at the insistence of a former Executive Director.

According to PPA administration, CTR is the superior system because its hardware components rarely breaks down compared to the PSX hardware which has more repair issues. PPA noted that CTR is used by private garage operators in the city such as ALCO Parking. The auditors did not test the repair history of the two systems for verification of breakdown frequency.

**Finding:** Customers will be able to make online parking space reservations only at the CTR system garages. Different software is needed for online reservations at the PSX garages.

According to PPA, setting up dual online reservation systems is not cost effective because the Authority intends to replace its PSX garage revenue control systems with CTR systems. Replacement will occur when the garages are demolished and rebuilt. (Two are scheduled for replacement within a decade.) Replacement during upgrades is not feasible because garages are always open for parking and the revenue control systems are still operational during garage upgrades and renovations.

**Finding:** Offering online reservation capability at some but not all PPA downtown garages could be confusing to consumers who would expect uniform practices in all PPA garages located within the same area.

**Finding:** Two of the three downtown garages (Ft. Duquesne & Sixth and Smithfield-Liberty) budgeted to become “new garage facilities” in PPA’s 10 year capital needs budget already employ the CTR system. The other garage (Ninth and Penn) is currently controlled by PSX. Work on this garage is scheduled for 2014.

**RECOMMENDATION NO. 13:**

The PPA should weigh the cost benefit of investing in a compatible online reservation program for the two downtown garages that will remain controlled by the PSX system at least through 2022.

**Parking Rate Increases**

In 2010 and 2011 Pittsburgh City Council passed several Ordinances that amended the Pittsburgh Code, Title Five – Traffic, Article VII – Parking, Chapter 543. These Ordinances established 21 parking zones, increased parking meters rates and parking enforcement hours. Later Ordinances decreased the hours of parking enforcement because of constituent complaints.

The following Table 7 shows the date and dollar amounts of rate increases for 2011 and subsequent years.

**Finding:** Starting June 1, 2011, sixty-one percent (61%) of parking zones experienced a rate increase; in 1/1/2012, seventy-six percent (76%) of parking zones experienced a rate increase; and on 1/1/2013, forty-two (42%) of parking zones experienced a parking rate increase.

**Finding:** There are no parking zone rate increases scheduled for any City neighborhood in 2014 and 2015.

**TABLE 7**

<b>PARKING INCREASES BY LOCATION AND YEAR IMPLEMENTED</b>						
<b>LOCATION</b>	<b>CURRENT</b>	<b>6/1/2011</b>	<b>1/1/2012</b>	<b>1/1/2013</b>	<b>1/1/2014</b>	<b>1/1/2015</b>
Downtown	\$2.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Oakland – Zone 4	\$0.70	\$1.50	\$2.00	\$2.00	\$2.00	\$2.00
Oakland – Zone 1, 2	\$0.50	\$1.00	\$2.00	\$2.00	\$2.00	\$2.00
Shadyside	\$0.50	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Strip District	\$0.50	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
North Shore	\$0.50	\$1.00	\$2.00	\$2.50	\$2.50	\$2.50
Oakland – Zone 3	\$0.50	\$0.75	\$1.00	\$2.00	\$2.00	\$2.00
South Side	\$0.50	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Squirrel Hill	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
North Side	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
Uptown	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
Brookline	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
Mount Washington	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
Bloomfield/ Garfield	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
East Liberty	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
Lawrenceville	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
Mellon Park Area	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
Beechview	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
Allentown	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
West End	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00
Carrick	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50

**Source: Pittsburgh Parking Authority**

**Finding:** The largest rate increases have been in Oakland Zones 1 and 2 and the North Shore increasing from 50 cents an hour to \$2.00 an hour on January 1, 2012. This is a 300% increase.

**Finding:** The second largest rate increase was in Oakland Zone 4 increasing from 70 cents an hour to \$2.00 an hour on January 1, 2012. This is a 185% increase.

**Finding:** Downtown rates increased from \$2.00 an hour to \$3.00 an hour on January 1, 2012, a 50% increase.

**Finding:** The North Shore had a 400% increase in parking rates as of January 1, 2013 by increasing the hourly rate from 50 cents an hour to \$2.50 an hour.

**Finding:** Carrick is the only City neighborhood with no rate increase.

**RECOMMENDATION NO. 14:**

PPA should survey the businesses where the CALE kiosks are installed in order to determine the effect, if any, of increased rates on their businesses. If the rate increase has negatively affected the business community, then a lower rate change may be warranted. This may be especially true after 5 PM when free parking may be a viable option.

Increase in Collection Revenue

According to PPA administration, installation of CALE multi-space parking kiosks began in August 2012 and all were installed and operational by December 2012.

The following tables compare revenue between December 2011 and December 2012, January 2012 to January 2013 and February 2012 to February 2013. These are the months before and after the CALE kiosks were installed.

**TABLE 8**

<b>COMPARISON of NET REVENUE DECEMBER 2011 vs. 2012 BEFORE CALE KIOSKS WERE INSTALLED and AFTER CALE KIOSKS WERE INSTALLED</b>			
<b>REVENUE SOURCE</b>	<b>DECEMBER 2011</b>	<b>DECEMBER 2012</b>	<b>PERCENT INCREASE</b>
Street Collections	\$517,716	\$644,811	24.55%
Lot Collections	\$100,175	\$101,231	1.05%
Lot Leases	\$21,600	\$22,167	2.63%
<b>TOTAL</b>	<b>\$639,491</b>	<b>\$768,209</b>	<b>20.13%</b>

**Source: Pittsburgh Parking Authority**

**TABLE 9**

<b>COMPARISON of NET REVENUE JANUARY 2012 vs. 2013 BEFORE CALE KIOSKS WERE INSTALLED and AFTER CALE KIOSKS WERE INSTALLED</b>			
<b>REVENUE SOURCE</b>	<b>JANUARY 2012</b>	<b>JANUARY 2013</b>	<b>PERCENT INCREASE</b>
Street Collections	\$494,780	\$735,938	48.74%
Lot Collections	\$88,527	\$99,237	12.10%
Lot Leases	\$21,469	\$22,385	4.27%
<b>TOTAL</b>	<b>\$604,776</b>	<b>\$857,560</b>	<b>41.80%</b>

**Source: Pittsburgh Parking Authority**

**TABLE 10**

<b>COMPARISON of NET REVENUE FEBRUARY 2012 vs. 2013 BEFORE CALE KIOSKS WERE INSTALLED and AFTER CALE KIOSKS WERE INSTALLED</b>			
<b>REVENUE SOURCE</b>	<b>FEBRUARY 2012</b>	<b>FEBRUARY 2013</b>	<b>PERCENT INCREASE</b>
Street Collections	\$555,388	\$814,718	46.69%
Lot Collections	\$93,757	\$99,646	6.28%
Lot Leases	\$21,687	\$22,560	4.02%
<b>TOTAL</b>	<b>\$670,833</b>	<b>\$936,924</b>	<b>39.67%</b>

**Source: Pittsburgh Parking Authority**

**Finding:** Collections have increased for December 2011 vs. 2012, January 2012 vs. 2013, and February 2012 vs. 2013 even with January 2012 being a snow storm affected month.

According to PPA administration, the CALE kiosks increased revenue for several reasons. First is because cars are not confined to a specific space so more cars fit on the street; second, is the sturdiness of the CALE kiosks, they do not break down like single space meters did; and third is because they can take credit/debit cards, making it easier for people to pay.

**Finding:** The revenue increases during January and February 2013 for street collections was 48.74% and 46.69% respectively.

**Finding:** For the limited number of CALE kiosks system installed it appears to be substantially increasing the street parking revenues of the PPA.

#### CALE Kiosks Reliability

Conversations with PPA Administration indicate that the CALE kiosks are much more efficient than the single space meters. Kiosks are on-line and any operational problems are automatically reported to the central monitoring station. The type of needed repair is immediately known and can be repaired, if not the same day, then within 24 hours.

A broken single space meter needs to be identified by eye and was usually reported by a Parking Enforcement Officer. A repair technician was then dispatched to examine and repair the meter.

**Finding:** The online notification system of problems by CALE kiosks improves the efficiency of the multi-space metered system, making the equipment more reliable.

## Handheld Enforcement Devices

The Parking Enforcement Officer's (PEO) job is to enforce both City of Pittsburgh and State parking ordinances. For single space meters the Enforcement Officer walks the street and looks for expired meters. If the meters time is expired the Officer enters the data into a hand held computer which then prints out a ticket.

For CALE multi space meters the Enforcement Officer carries the same type of handheld device as the other Enforcement Officers. While walking the streets she or he enters the license plate number of parked cars to see if parking is paid. If the vehicle has not paid for parking then a ticket is issued. These handheld devices are purchased from Groupe Techna under a separate contract.

The solution for when a handheld device malfunctions depends on the EO's location. If close to the PPA's main office downtown then the EO returns to the office for a different working device. EO's in other locations contact their Manager who delivers another working handheld device to them. Whenever handheld devices malfunction, parking enforcement stops.

**Finding:** Conversations with current Parking Enforcement Officers indicate ongoing problems with the handheld devices.

The auditors requested reports about the number and frequency of malfunctions with the operation of the parking enforcement officers' handheld devices. This request was made in order to identify and track problems with operations, compatibility issues with the new CALE multi-space meter system, and frequency of occurrence.

**Finding:** PPA management does not track malfunctions associated with the handheld devices.

The auditors contacted the Groupe Techna representative on April 26, 2013 who indicated that reports about problems with the handheld devices could and would be generated and forwarded to the auditors. A follow up telephone call and voice message was placed in May without any response.

**Finding:** As of June 7, 2013, the auditors never received any reports from the Groupe Techna representative.

### **RECOMMENDATION NO. 15:**

The Authority administration should track malfunctions associated with the Parking Enforcement Officer's hand held devices. Identifying and correcting malfunctions will help decrease downtime and improve parking enforcement efficiency.

## **Potential Parking Enforcement Officer (PEO) Errors**

The PPA is committed to expanding the pay-by-license plate system throughout the rest of the City. A Board meeting in early 2013 authorized the purchase and installation of more CALE kiosks. Realistically the success of this program could expand to larger cities throughout the State.

**Finding:** Errors in entering the license plate numbers have been reported; by both the parker and the PEO. If a PEO enters the wrong license plate number a parking ticket could be issued to an incorrect vehicle causing a major inconvenience.

One way to prevent such errors would be if the State would issue a bar code sticker on every PA registration. Then the PEO's handheld device could be adjusted to just scan the bar code and the license plate number would appear on the screen. This would eliminate error, save time and increase accuracy.

### **RECOMMENDATION NO. 16:**

The PPA administration should talk with the State Department of Transportation about providing bar code technology for the license plate number on its vehicle registration sticker.

## **Residential Permit Parking Program**

The City's Residential Permit Parking Program was created in 1981 and codified in Title 5 Chapter 549.07 of the City Code of Ordinances. The Code describes the types and costs of permits; the process by which an area obtains RPPP designation and authorizes the Department of Public Works (DPW) is to designate which "group or agency" will issue the permits.

DPW issued permits from 1981 to 1987, when the program was transferred to the Department of City Planning. Non-resident parking restrictions were enforced by the Parking and Code Enforcement section of the Department of Public Safety. Enforcement and permit functions were turned over to the Parking Authority in 1995. City RPPP administrative and enforcement staff became employees of the Parking Authority.

### **Residential Permits and Visitor Passes**

Annual residential permits for the 32 City RPPP areas expire in different months. Residents (property owners or renters with valid leases) can obtain permits anytime during the year but must renew them before the end of the designated expiration month. One parking permit can be issued for each business where a motor vehicle is registered to

or under control of a person who actively engages in that business. As of March 12, 2013, the cost of an annual permit is \$20.00. A maximum of one Visitor permit per business or residence address can be purchased each year for \$1.00. Residential permit decals are affixed to the rear window of the vehicle; visitor passes are displayed on the dashboard and are transferrable to other vehicles.

**RPPP Decals and Visitor Passes**

PPA, in consultation with City Planning, estimates how many decals and passes to purchase annually for each RPPP district. Estimates are based on the number sold last year; the number of waivers issued and plans to expand the district. Waivers are given to display in vehicles in lieu of permit decals if the PPA runs out of decals for that year.

**Finding:** Estimating the number of permits and visitor passes needed for the forthcoming year is more art than science.

**Finding:** Data from PPA indicates that the number of permits and passes ordered exceed the number actually sold in five of the six RPP areas for which final yearly data was available.

**TABLE 11**  
**2012-2013 YEARLY**  
**PERMIT COMPARATIVE\***

<b>RPP Area</b>	<b>Permits Ordered</b>	<b>Permits Sold</b>	<b>% Ordered Permits Sold</b>	<b>Visitor Passes Ordered</b>	<b>Visitor Passes Sold</b>	<b>% Ordered Visitor Passes Sold</b>
<b>A</b>	1800	1811	100.6%	1600	1285	80%
<b>DD</b>	500	298	60%	500	216	43%
<b>F</b>	700	642	92%	600	293	49%
<b>J</b>	1300	1005	77%	900	615	68%
<b>L</b>	250	106	41%	100	76	76%
<b>N</b>	500	308	62%	400	224	56%

\*Final yearly permit data available as of March 2013

**Decal and Visitor Pass Cost**

The Authority ordered 15,900 visitor passes and 20,700 permit decals for 2013. Total cost was \$7,020.00. The FY 2013 PPA General Fund Operating Budget projects revenue from decal and visitor pass sales of \$300,000.

**Finding:** Permit decals and visitor passes costs are minor compare to projected sales.

## RPPP Area Enforcement

In RPPP areas, PPA parking enforcement officers enforce non-resident parking restrictions and visitor pass restrictions. Non-resident parking is limited to 1 or 2 hours and visitor passes are valid for three days per vehicle. The City Code limits fines to “not more than \$45.00”.

## Non-Residents Tickets

The number of tickets issued for non-residents exceeding time restrictions declined from 23,628 tickets in 2011 to 20,214 tickets in 2012.

**Finding:** In 2011, eight RPPP areas in Lawrenceville, Oakland, Bloomfield, Shadyside and Uptown accounted for 57% of all tickets issued. In 2012, eight RPPP areas in the same City neighborhoods accounted for 54% of all tickets.

## Visitor Pass Tickets

**Finding:** Relatively few tickets were issued for visitor pass non-compliance. In 2011, 490 tickets were issued; 379 tickets were issued in 2012. In both years, the most tickets were written in RPPP area A (Lawrenceville/Bloomfield): 116 tickets in 2011 and 81 tickets in 2012.

## Comparison with other RPPP Programs

Internet research was conducted to compare Pittsburgh’s residential permit parking program with those of other cities. Information was obtained from the RPPP websites of the following cities: Boston, Berkeley CA, Wilmington DE, Washington DC, Denver, Philadelphia and San Francisco.

## Purchasing and Replacing Permit Decals and Visitor Passes

Purchasing and replacing Residential permit decals and visitor passes can be done through the mail or in person at the Parking Authority Office in downtown Pittsburgh. Office hours are Monday through Friday, 8:30 a.m. to 4:00 p.m. Proof of residency in the district, car registration, driver’s license and fee payment is required. Permit decals and visitor passes are issued at the office at time of application or sent through the mail for mailed in applications.

**Finding:** The Authority’s RPPP application and renewal process is relatively user friendly. Other cities such as Boston, Denver and San Francisco also allow permit renewals to be made online.

### **RECOMMENDATION NO. 17:**

PPA should consider offering online RPPP permit renewals.

#### Outstanding Parking Tickets and RPPP Permits

**Finding:** Boston, Berkeley, Wilmington and Denver will not issue a parking permit if the applicant has outstanding parking tickets. All outstanding parking tickets must be paid prior to obtaining or renewing a parking permit.

### **RECOMMENDATION NO. 18:**

Requiring that no outstanding tickets be a precondition for obtaining a parking permit would insure that outstanding tickets get paid. PPA should determine whether a City Code amendment would be necessary and pursue this requirement with City Council and City Planning.

#### Visitor Passes

**Finding:** The majority of cities surveyed issue visitor passes for varying time frames. Visitor passes are most often sold to permit holders. In Washington DC, free visitor passes can be picked up at the police station or substation in the ward where permit holder resides.

- Berkeley, CA: purchase in person when permit picked up; 3 maximum per year: 1 day (\$2.25) or 14 day (\$23.00).
- Wilmington, DE: Call or email request; pick up at office.
- Washington, DC: free visitor passes can be picked up at police station or substation in the ward where permit holder resides.
- Denver, CO: day guest permits are issued free; 12/year maximum.
- Philadelphia: \$15.00 for 15 days.
- San Francisco: passes for different lengths of time at different prices: range from \$15.00 for one day to \$88.00 for 8 weeks; six month pass for \$52.00.
- Boston, MA does not sell or distribute RPPP area visitor passes. A limited number of parking spaces in each RPPP area are posted for “Visitor Parking”.

**RECOMMENDATION NO. 19:**

PPA should consider asking City Council to amend the Code to allow varying types of visitor passes. Passes for different lengths of time should be sold for different prices.

Enforcing different visitor pass time limits would not appear to place an undue burden on parking enforcement officers. The number of tickets issued for visitor pass violations is small.

Contractor Passes/Permits

**Finding:** Other cities offer parking permits for contractors. San Francisco offers annual permits for \$842 and six month permits for \$421. For \$100, Philadelphia contractors can obtain a six month permit that allows them to park in unlimited metered and timed parking zones.

**Finding:** City Code limits RPP area permits to residential and visitor passes. Contractors doing extended work in RPPP areas can apply for a variance through PPA enforcement office or RPP office.

**RECOMMENDATION NO. 20:**

PPA should ask City Council to amend the Code to allow annual permits for marked contractor trucks. Annual contractor permits would allow unlimited parking in any RPP area and eliminate need for contractors to obtain multiple variances.

**RECOMMENDATION NO. 21:**

PPA should investigate whether the City Code must be amended to allow for the sale of contractor permits.



June 27, 2013

The Honorable Michael Lamb  
City Controller  
Office of the City Controller  
414 Grant Street  
Pittsburgh, PA. 15219

Dear Mr. Lamb:

On June 19, 2013, I met with Gloria Novak and Betty Ann Puharic to review your recent performance audit of the Public Parking Authority of Pittsburgh for our fiscal years 2011, 2012 and 2013. This letter will serve as our response to the audit report. It is important at the outset to note the scope of the audit, as stated on page 4 of the report:

**“The scope of this performance audit is 2011 and 2012 for the professional and construction contract award process. The scope for the Residential Permit Program is 2011 and the scope for implementation of the new Kiosk system is 2012 through February 2013.”**

As a general matter, we are pleased that overall, the audit was favorable and showed that the Authority is in compliance in most instances. We also appreciated the recommendations made, and will work to implement them.

***Findings under Contract Management:*** While the report indicates all the necessary documentation associated with each contract was accounted for when requested by the auditors, the Authority will work to improve upon our filing organization.

***Findings for Compliance with Statutory Procurement Requirements:*** We are pleased that the report recognizes that the Authority procedures for Construction/Repairs and Supplies/Materials are in compliance with the applicable statutory procurement laws and process. Please note that prior to this audit, the Authority was working with our legal counsel to create a template that will ensure that all procurement requirements are being addressed each time we issue an RFP. For example, our new template will ensure the US steel requirement is addressed, as applicable.

Although the report identifies that the Authority's internal document groups all contracts together under one list entitled “construction contracts”, in actuality the RFPs that are issued state whether the

contract is a low bid or a professional service contract and the RFPs further describe how the contract will be evaluated and awarded. The CALE contract would be a perfect example of the actual RFP process. The Authority agrees, however, with the audit recommendation. The internal documents should be categorized by type of contract.

The situation related to the Desman contract was unique and occurred as a result of the attempted monetization process. Subsequent to the failed monetization efforts, the Authority decided to be responsive to the negative allegations from the potential bidders of our parking system and media statements that followed. The Authority decided to perform its own garage assessments and awarded a contract to Desman Associates after issuing an RFP. Upon completion and review of the assessment performed by Desman, the Authority selected two garages (Ft. Duquesne and Sixth and Smithfield Liberty) for structural repairs. This decision necessitated construction drawings to be issued as part of the construction RFP. Since Desman performed the garage assessment, it was determined that there was a substantial cost savings to have Desman prepare the construction drawings. (Other Engineering firms indicated that they did not want to and would not rely on a third party's assessment of the garages and would need to re-conduct their own assessments, which would have cost the Authority more time and money). While it is unlikely that such a situation would arise again, in hind sight we agree that future garage assessment contracts should include the scope of work for preparing any and all construction drawings based on their assessment, as recommended in the report.

The Authority also recognizes the importance of accurate filing and documentation and will look at conducting internal training, and developing procedures and check lists to ensure that all necessary documentation is filed in its proper place after a contract is awarded.

**Findings – Warehouse Inventory Count:** The report indicated that a meter count in the warehouse was an average count and not a physical count of each actual meter stored in the warehouse. Please note that this would allow for the 10% variance, assuming that each pallet had the exact same number of meter and rows.

Additionally, it should be noted that due to the scope of the multi-space meter project, limited PPAP staff, and aggressive schedule for installing the new meters, the Authority relied on the vendor to return all single space meters that were removed. While the inventory discrepancy is not a material figure, PPAP has determined to control this process better during phase two.

**Authority Scrap** – First, as the report indicates, the scrap meters that were disposed of did not include any of the meters that were removed from the street for the placement of the new multi-space meters.

The monies received for the scrap of the old meters were for the meters that have accumulated in the basement over the past twenty plus years. These meters had no remaining useful life. The one occasion when the Authority did not receive any money for the scrap was an isolated case. In that instance, the pile of meters in the basement hallway fell and hit an employee going through the hallway.

That caused the Authority to arrange for an individual contractor, at no cost to the Authority, to provide the labor, necessary equipment and trucks for the removing the scrap. In return, the contractor kept any monies received from the scrap.

As a footnote, the Authority has been advertising and reaching out to different municipalities for the sale of the single space meters just removed from the street, and to date there has been no interest from anyone.

**Findings under Capital Project Expenditures:** As the report indicates, the Authority currently uses two vendors for its revenue control equipment and software at our garage facilities, with each vendor representing 50% of our garage system. The Authority has found both vendors (CTR and PSX) to be experienced and qualified and to have performed to a high standard for the Authority. Contrary to the finding in the report, it is not the Authority's intention to replace PSX with CTR revenue equipment. When the current contract expires, the Authority will solicit proposals through a public process as required by our state procurement laws.

**Findings under Residential Parking Permits:** The Authority was glad to see that the report recommended a rate increase for the visitor pass. This is a recommendation the Authority made to City Council when the RPP permit was increased to \$20.00 and the visitors pass remained at a \$1.00. The Authority at the time recommended the \$30.00 for the permits and \$10.00 for the visitors pass. The Authority will continue to work with City Planning and other City agencies to improve the efficiency of the RPP program.

Finally, I want to thank you and your staff for conducting this Performance Audit in a professional manner and for the efforts your auditors took to fully understand the many nuances and complexities associated with the parking industry.

Sincerely,



David G. Onorato, CAPP  
Executive Director

cc: Anabell Kinney, Controllers Office  
PPAP Board of Directors