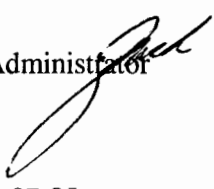




PAMELA BRANGACCIO, County Administrator
115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7350 • FAX 954-357-7360

MEMORANDUM

To: Evan Lukic, County Auditor
From: Pamela Brangaccio, County Administrator  *cc: P.B.*
Date: February 27, 2007
Re: Response to Audit Report No. 07-05

This submittal is in response to the Audit Report No. 07-05, USA Parking Associates III and Aviation Department dated November 29, 2006.

Finding 1

The application and use of the valet incentive fee is inconsistent with other entities surveyed.

- **Evaluate and define the purpose and value to the county of the incentive fee.**
- **Ensure that any future incentive fee based on net revenues reflect the full costs of the valet operation.**

Staff agrees: The purpose of the valet parking incentive fee is to provide a realistic financial incentive to the parking operator to maximize customer services while keeping operating costs as efficient as possible. The original incentive fee was established based on a valet parking program which involved customer terminal curbside drop-off and the valet cars were relocated to a remote site located outside of the parking garage and other self parking lots. Under this concept the valet parking operation stood alone and did not directly compete with the self parking operations. The base management fee for the valet parking operation was established at \$12,000 annually with the incentive to develop the valet business being in the incentive fee which is 10% of the net profit from valet parking operations. For the purposes of calculating the incentive fee valet parking revenue and costs were treated separately from self parking.

Following the events of September 11, 2001, the Transportation Security Administration (TSA) directed the Aviation Department to discontinue valet parking operations for over a year. When TSA permitted BCAD to resume valet parking, it was limited to a location inside the garages where the valet parking more directly competes with the self parking operation.

To reflect the current in-garage valet parking operation, staff has proposed a Valet Parking Incentive Fee in the current Request for Letters of Interest #20060822-0-AV-01, Management of Airport Public and Employee Parking at FLL, which bases the 10% incentive fee on valet net profit which is defined as the revenue generated by the differential between the valet parking rate and the self parking rate (\$16.00/day valet rate-\$12.00/day daily rate) less operating expenses.

The new incentive formula would generate an annual fee of approximately \$37,500 with the current volume of valet parking transactions and valet rate of \$16.00 per day. This fee will adjust based on current rates in effect and Operator budget performance.

Finding 2

BCAD has the lowest valet parking rate and highest number of allocated spaces for valet parking as compared to other entities surveyed.

- **Evaluate and implement the appropriate parking rate and allocated spaces to achieve the maximum profitability, customer value, and facility utilization.**
- **Implement the recommendation of the Integrity Parking Systems, LLC that was “an initial rate adjustment to \$18 per day, with incremental adjustments planned over the next two years.”**

Staff agrees: Utilizing comparative rate information provided in the Integrity Parking System report dated July 2006, and the Sharpton, Brunson & Company report dated February 13, 2007, staff is preparing a comprehensive rate analysis and recommendation to be presented to the Board of County Commissioners in conjunction with its annual update to Chapter 39 (airport fees and charges) of the Administrative Code in May 2007. The rate analysis will have a goal of more effectively allocating parking resources while effectively balancing the demand for various parking services including valet parking. Staff recommends evaluating the overall parking rate schedule and implementing a facility wide rate adjustments at one time as opposed to introducing the \$18.00 valet rate independently.

Finding 3

The revenue control system reports do not include all valet transactions.

- **Complete the current upgrade ensuring that the PARCS records all transactions and produces reports with appropriate detail, structure, and formatting necessary for day-to-day operations.**

Staff agrees: Staff is in the process of completing the current revenue control system upgrade which will provide improved revenue data capturing and reporting. In the event of a communications failure between the primary fee computer and the credit card clearing house, the clearing house is now providing an automatic failover to an alternate clearing house computer in a secondary location.

Finding 4

BCAD does not reconcile differences between actual credit card monies received and amounts reported by the operator.

- **Implement procedures to track and monitor differences between recorded revenues and actual deposits received.**
- **Reconcile the fiscal year 2006 parking revenues to the operator's reports.**

Staff agrees: In addition to the accounting and auditing procedures specified in the existing USA Parking Management Agreement, BCAD Finance Division will develop and implement additional procedures to track and monitor the differences between recorded revenues and actual deposits received.

BCAD Finance is currently working on the reconciliation of the operator's reports for fiscal year 2006, and anticipates providing County Auditor a report by end of March 2007.

Finding 5

Allocation of overhead and Car Care Services expenses among the parking operations is lacking resulting in at least \$11,573 over-payments to the operator for fiscal year 2006.

- **Implement methodologies and practices to appropriately allocate overhead and Car Care Services expenses to the respective cost centers and recover identified overpayments including:**
 - **Non-reimbursable Car Care Services costs included in reimbursable valet or self-park expenses**
 - **Adjustments to the valet incentive fee**

Staff agrees: Staff will ensure that USA Parking properly allocates overhead and other expenses incurred by the valet parking operation utilized on the car care operation and will verify the amount of overpayment and collect from USA Parking. Documentation of this collection will be forwarded to the County Auditor's office on a monthly basis.

DJO/msg

Attachments:

cc: Board of County Commissioners
Robert Bieliek, Interim Airport Director
Robert Pence, Interim Deputy Director
Michael Nonnemacher, Director of Operations, (w/Attachments)
Michael Gregg, Airport Operations

G:\Operations\landside\valet\valetauditreport