

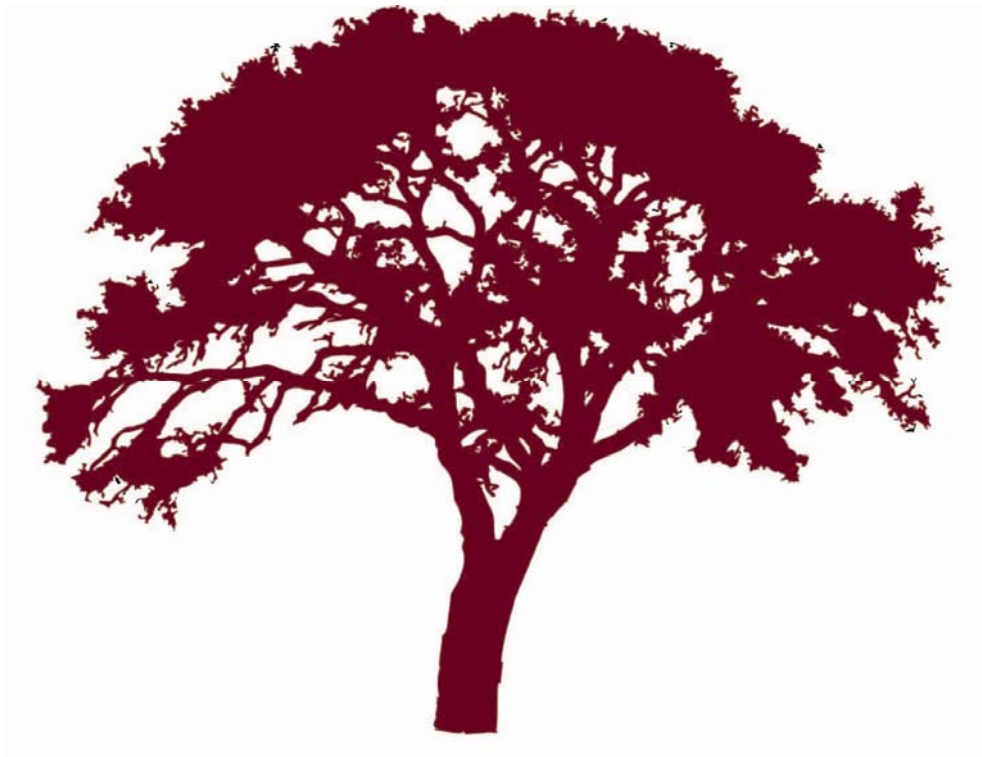
# City of Oakland Office of the City Auditor

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June 23, 2010

## Policies & Analyses: RPP Program Performance Audit

Residential Parking Permit (RPP) Program's Policies for  
Cost and Revenue Analyses Were Incomplete



City Auditor  
Courtney A. Ruby, CPA, CFE

# PERFORMANCE AUDIT





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June 23, 2010

OFFICE OF THE MAYOR  
HONORABLE CITY COUNCIL  
OAKLAND, CALIFORNIA

**RE: POLICIES & ANALYSES – RESIDENTIAL PERMIT PARKING PROGRAM  
PERFORMANCE AUDIT**

Dear Mayor Dellums, President Brunner and Members of the Council:

Attached is the first in a series of three reports that focuses on the Residential Permit Parking (RPP) Program. Last year, the Office of the City Auditor issued an interim Residential Permit Parking Performance Audit report to assist the City Council during budget deliberations. This final RPP Performance Audit report series expands on the issues previously identified in the interim report and goes further into critical policy areas, program mismanagement and ineffective and inefficient business practices.

The objective of the audit was to analyze and evaluate the appropriateness of the RPP Program permit fees. Overall the audit found:

- 1) The City Council has not set a user fee policy framework to govern the intended cost recovery for the RPP Program permit fees
- 2) Parking Management lacked a comprehensive management framework to provide proper financial analyses of the RPP program.

As a result the audit concludes that the City's policies generally lack the key elements necessary to set appropriate user fees. Without a clearly defined user fee policy, Parking Management can not prepare a complete cost analysis that would determine the appropriateness of the current fee level. Additionally, the audit found that 90% of costs included in the original RPP permit fee's financial analysis, submitted to the Finance and Management Committee in September 2008, could not be substantiated.

While the audit addresses RPP Program permit fees specifically, it is clear that the City's overall user fee policies significantly impact the public, and, therefore, must be executed fairly and responsibly.

I would like to express my appreciation to the Office of the City Administrator and Parking Management for their cooperation throughout this audit process. A response from Parking Management is included at the end of the report.

I would also like to acknowledge my staff for their dedicated service in performing the Residential Permit Parking Program Performance Audit Report Series.

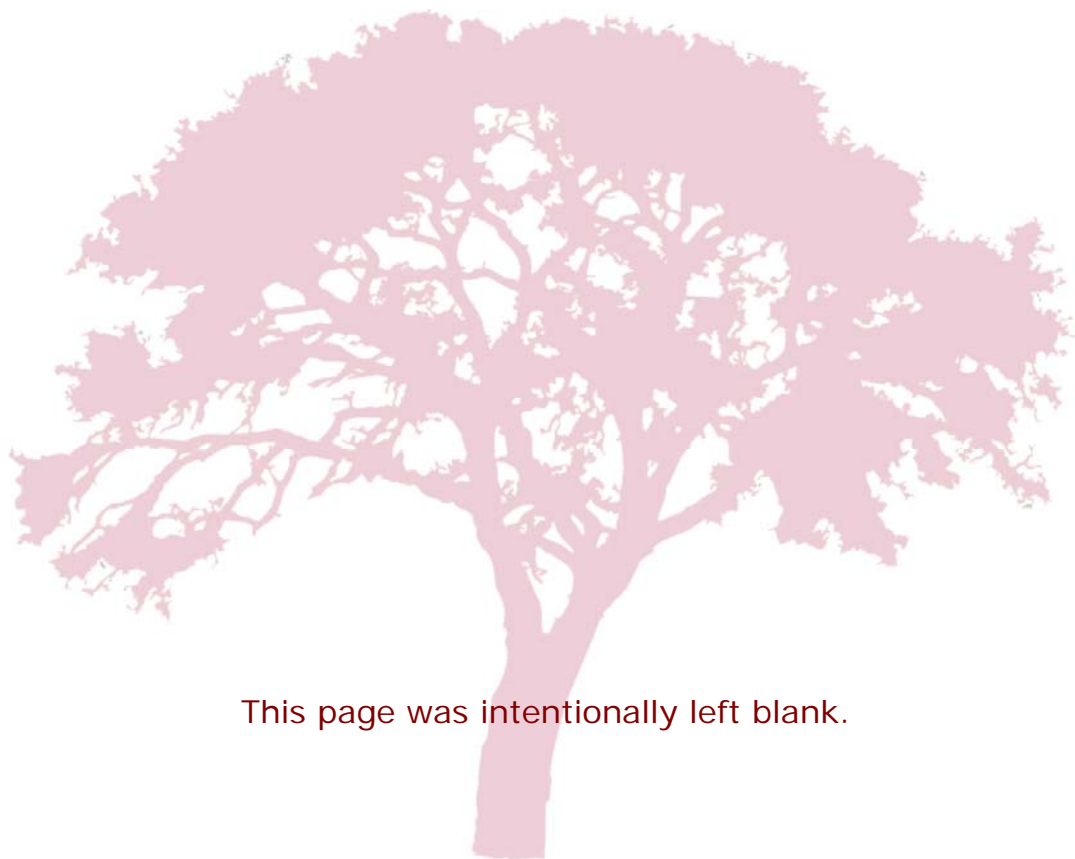
Respectfully submitted,

A handwritten signature in black ink, reading "Courtney A. Ruby". The signature is fluid and cursive, with the first name "Courtney" being larger and more prominent than the last name "Ruby".

COURTNEY A. RUBY, CPA, CFE  
City Auditor

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## Residential Permit Parking Program Performance Audit Report Summary

### Policies & Analyses

**RPP Policies Do Not Specify Intended Cost Recovery Levels and Management's Program Cost and Revenue Analyses Were Incomplete**

#### Overview

The Office of the City Auditor conducted a performance audit of the Residential Permit Parking (RPP) Program, which is a program under the Parking Division of the Finance and Management Agency. The scope of the audit primarily focused on FY 2006-07 through FY 2008-09. The objective of the audit was to analyze and evaluate the appropriateness of the RPP Program fees, which included an evaluation of the City's policies related to the permit fees and Parking Management's financial analysis of the RPP Program. This report is the first in a series of three final RPP Program performance audit reports.

#### Key Findings

- The City's policies do not clearly define the intended level of cost recovery for the RPP Program, as well as the types of costs that should be included in the Program's cost analysis.
- Parking Management did not track or include all relevant costs (enforcement, benefits, overhead, etc.) in its FY 2008-09 cost analysis of the RPP Program.
- Parking Management was not able to provide the evidence necessary to validate over 90% of its FY 2008-09 cost analysis.
- Parking Management did not present all revenue sources related to the RPP Program, such as RPP citation revenue, that should be included in the RPP Program's revenue analysis.

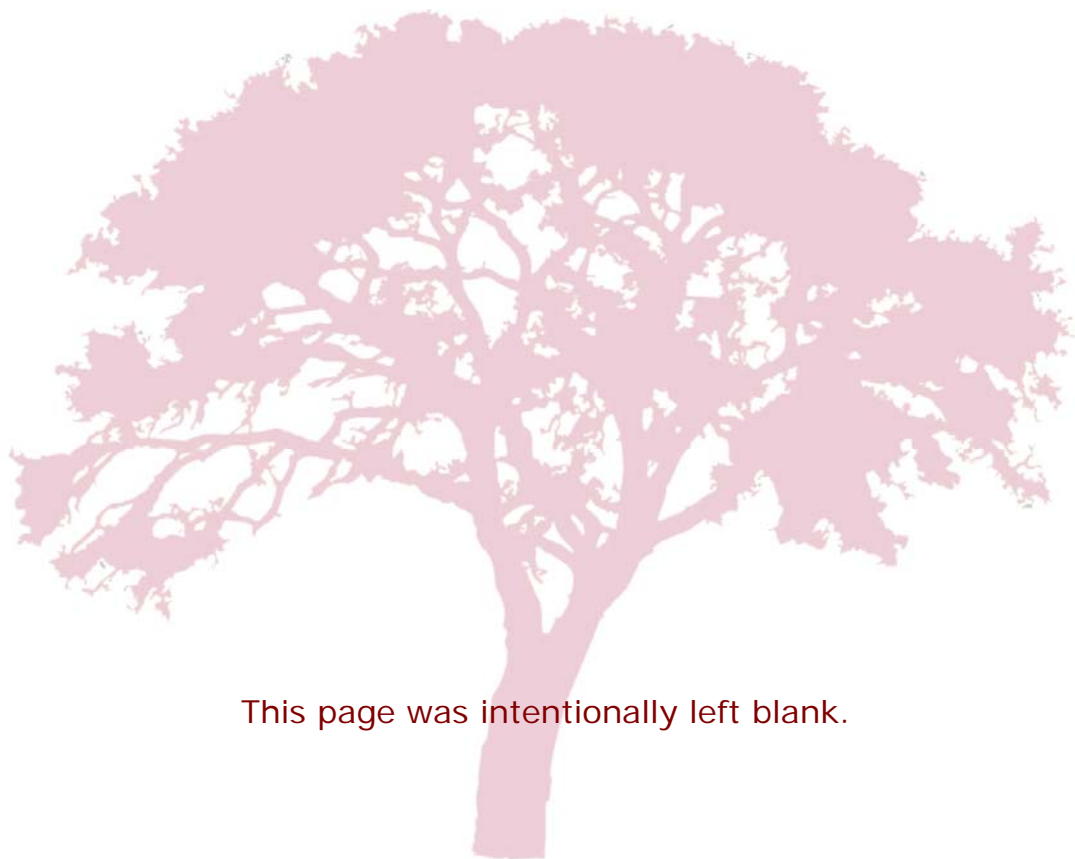
#### Key Recommendations

We recommend that City Council and the City Administrator:

- Review and revise the RPP Ordinance and Resolution No. 77924 (Adopting a Policy on Charges for the City of Oakland's Services), Administrative Instruction #19 and the Master Fee Schedule to determine specifically for the RPP Program:
  - What types of costs are to be included in the cost analysis
  - What level of cost should be recovered for specific government programs and services
  - When less than full cost recovery would be appropriate

We recommend that Parking Management:

- Develop a cost analysis model that includes all direct and indirect costs to operate the RPP Program, including enforcement, benefits, and overhead. All costs should be itemized to assist the City Council in determining the extent to which the RPP Program will achieve full cost recovery
- Maintain all relevant documentation to support any of the costs presented in its RPP analysis
- Develop a revenue analysis model that shows revenue from RPP permit sales and RPP citations. All revenues should be itemized to assist the City Council in determining the revenue streams to be used to cover the costs of the RPP Program



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## Introduction

The City of Oakland's (City) Residential Permit Parking (RPP) Program was instituted in 1986 after a series of public hearings found that traffic congestion and a shortage of parking were significant problems in areas with a high volume of non-resident traffic. The purpose of the RPP Program is to limit off-street parking by nonresidents in order to:

- Allow residents adequate parking space
- Promote the safety, health and welfare of Oakland residents by reducing motor vehicle travel and pollution

On September 23, 2008, the Parking Division of the City's Finance and Management Agency (FMA) issued an Agenda Report calling for an increase in permit parking fees and an annual adjustment of 3% to cover the cost of operating the program. City Council decided to partially increase the fees and approve the annual adjustment of 3%. City Council also requested the Office of the City Auditor (City Auditor) conduct a performance audit before further consideration of fee increases for Fiscal Year (FY) 2010-11. On May 28, 2009, the Office of the City Auditor issued an interim report to support the Mayor's and City Council's budget deliberations in a timely manner.

This report is the first in a series of three final RPP Program performance audit reports and focuses on the RPP Program permit fees. The audit includes an evaluation of the City's policies related to the permit fees and Parking Management's financial analysis of the RPP Program.

## Background

### Types of Parking Permits

There are three types of parking permits, as described in Exhibit 1. Replacement permits are available for each type of permit for a fee; half-year permits are available for residences and businesses. This performance audit of the RPP Program focused on the residential permit and fee.

### EXHIBIT 1: Types of Permits

Types of Permit	Description
Residential Permit	<ul style="list-style-type: none"><li>• For residents who live in residential areas.</li><li>• Mixed Use Area - for residents and business owners who live or work in areas mixed with businesses and residences. Currently, the only mixed use area is in the Jack London district (Area M). The permit fee is higher for these residents, business owners and employees.</li></ul>
Business Permit	<ul style="list-style-type: none"><li>• For business owners and/or employees who work at businesses in or near RPP Program areas and need parking for their cars.</li></ul>
Visitor Permit	<ul style="list-style-type: none"><li>• Hanging permits valid for one day or two weeks. A resident may purchase up to five of both durations on any calendar day.</li></ul>

Source: RPP Program Website and City Council Agenda Reports

### City of Oakland RPP Program Areas

Throughout the City, there are 12 RPP Program areas with each having a unique placard for display by permit holders:

A, B, C, D, E, F, G, I, J, K, L & M<sup>1</sup>

Since 1986, the RPP Program has expanded with the addition of new RPP Program areas. To establish a new RPP Program area, residents must follow a defined process, as shown in Exhibit 2.

## **EXHIBIT 2: Procedure to Establish a New RPP Program Area**

- A petition must be submitted to the City containing signatures representing at least 51 percent of the residential units in each of the blocks within the proposed Residential Permit Parking area.
- The petition must be signed by residents 18 years or older.
- Petition signing is limited to one signature per household.
- At least six adjacent block fronts should be included in each area.
- At least 80% of each block front must be residentially zoned.
- At least 75% of all on-street parking spaces within the proposed area must be occupied during any two one-hour periods between 8am - 6pm.

Source: RPP Program Website (CEDA)

Prior to Fiscal Year (FY) 2000-01, the Community and Economic Development Agency (CEDA) managed all aspects of the RPP Program. Beginning in FY 2000-01, the Parking Division was assigned majority operational responsibility for the RPP Program, which includes managing daily operations of permit sales and renewals, tracking of permits and enforcing RPP Program permit violations. CEDA continues to manage additions of new RPP Program areas or expansions of existing areas.

### RPP Program Permit Fees

Due to the fact that only some Oakland residents benefit from the RPP Program, there is a user fee charged to help cover the cost of the program. The City requires residents pay to opt into the program – rather than implementing a citywide tax or parcel assessment.

In 1986, the residential permit fee was set, as shown in Exhibit 3.

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<sup>1</sup> Area H is no longer an RPP Program area as of July 2008.

### Exhibit 3: Residential Permit Fees from February 1986 to October 2008

Initial	
Purchased Between January 1 and June 30	\$17.50
Purchased Between July 1 and December 31	\$25.00
Renewal	
Purchased Between January 1 and June 30	\$15.00
Source: Master Fee Schedule FY 2007-08 and Council Resolution for RPP Program Fees, October 7, 2008	

For more than 20 years, City Council did not increase the original RPP Program permit fees set in 1986. In 1990, the Public Works Department conducted parking surveys, reviewed the program's costs and revenues and solicited public input. In May 1990, the Public Works Department submitted a report to City Council that recommended:

- Additional parking permit types be added
- Hour limits be expanded in certain RPP Program zones
- Permit fees be increased

However, after hearing the concerns expressed in the May 1990 public hearing at the Council Committee on Public Safety, Public Works & Capital Improvements, Land Use, and Environmental Concerns, the Committee decided not to increase the fees for residents. Instead, the Council Committee decided to increase the parking citation fine. It was presumed that the higher citation fine would generate sufficient revenue to match the enforcement costs.

In May 2007, City Council requested that Parking Management set a plan to meet with residents to get feedback about increasing the RPP Program fees. In February 2008, the Parking Division held three community meetings in which an average of approximately 30 community members attended and expressed their concern with the fee increases and the lack of RPP Program enforcement in their neighborhoods. Although Parking Management understood the concerns of the residents, Parking Management believed that the costs of the program were not covered by the fees. Thus, the City was subsidizing the program.

On September 23, 2008, the Parking Division issued an Agenda Report recommending an increase in permit parking fees and an annual adjustment of 3% to cover the cost of operating the program. City Council approved a partial fee increase and a 3% cost of living increase each year as shown in Exhibit 4. However, the fee was not increased to the \$60 fee that Parking Management requested in the Agenda Report. City Council only partially increased the fee because it wanted to verify that the RPP Program Cost and Revenue Analysis presented in the Agenda Report was complete and accurate. City Council requested that the City Auditor conduct a performance audit to review the financial analysis of the RPP Program and evaluate the efficiency of the RPP Program.

## EXHIBIT 4: Residential Permit Fee Increases Approved by City Council In October 2008

Initial	
Purchase Between January 1 and June 30	\$24.50
Purchase Between July 1 and December 31	\$35.00
Renewal	
Purchase Between January 1 and June 30	\$20.00*
Source: Council Resolution for RPP Program Fees, October 7, 2008	
* The renewal fee was subsequently increased to \$35.00 by Council Resolution on January 5, 2010.	

## Objectives, Scope & Methodology

### Audit Objectives

The objective of this audit was to analyze and evaluate the appropriateness of the RPP Program permit fees.

### Audit Scope

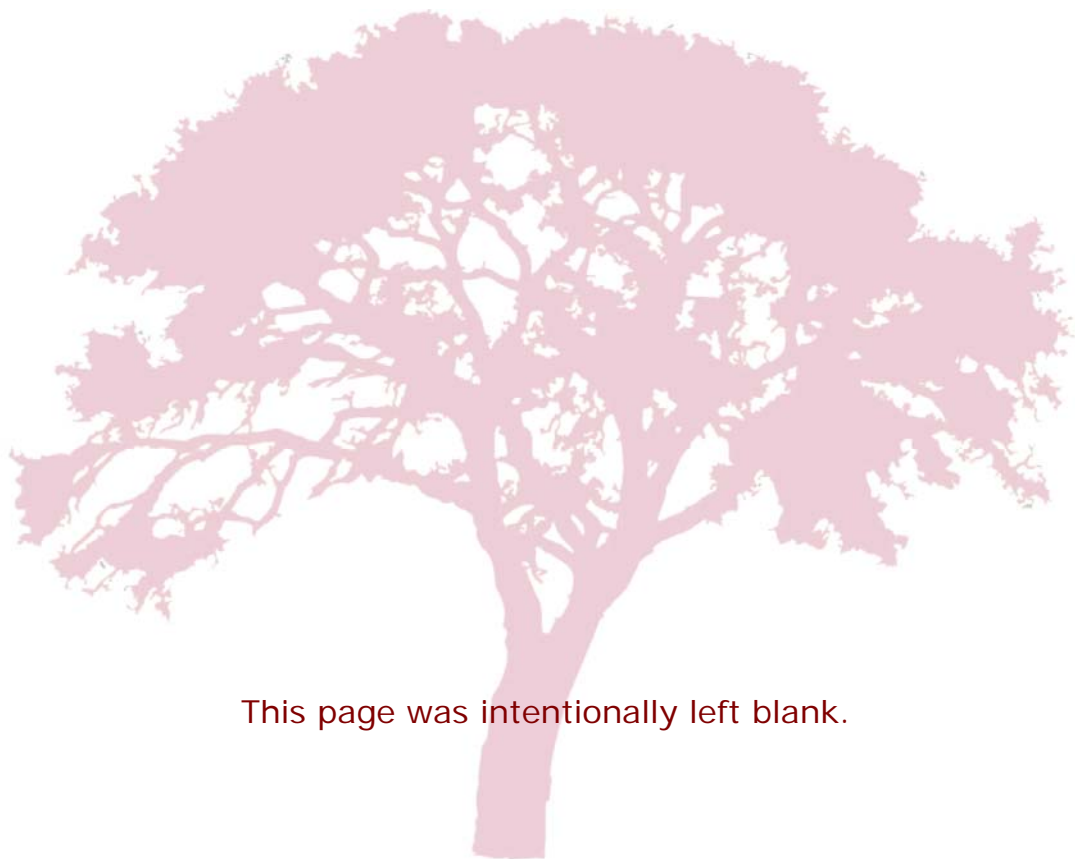
The scope of the audit primarily focused on FY 2006-07 through FY 2008-09. Proposed changes to the RPP Program permit fees in FY 2009-10 were reviewed. To provide historical context for the audit, Council Resolutions dating from 1985 were also reviewed. Our review of internal controls was limited to the controls relied upon by Parking Management to administer the RPP Program during the primary audit scope of FY 2006-07 through FY 2008-09. During the audit period, a transition in Parking Management occurred in February 2009.

### Audit Methodology

To complete the audit objectives, we analyzed the Finance and Management Committee September 2008 Agenda Report (September 2008 Agenda Report) RPP Program Cost and Revenue Analysis. Specifically, we:

- Reviewed relevant City policies and ordinances regarding setting user fees and the level of cost recovery
- Reviewed any supporting financial documentation for the September 2008 Agenda Report RPP Program Cost and Revenue Analysis
- Interviewed Parking Management and staff to obtain an understanding of the costs and revenues for the program
- Surveyed eight cities regarding their RPP Program Cost and Revenue Analysis, which is included as Appendix A in this report
- Surveyed RPP Program residents regarding RPP Program fees, which is included in Appendices B-E in this report

We performed this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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# CHAPTER ONE

## **The City's Policies for the RPP Program do not clearly define the level of intended cost recovery for the program**

The audit found that the City lacks a clear policy on:

- The level of cost that should be recovered for providing government programs and services (i.e., a specific percentage such as 100% cost recovery or 50% cost recovery)
- When less than full cost recovery would be appropriate
- What types of cost are to be included in the cost analysis of City programs and services

For the RPP Program, City Council should provide a policy framework to clarify the three elements, mentioned above, on determining an appropriate fee for the RPP Program.

**We recommend that the City ensure user policies are comprehensive and provide a clear policy framework that is communicated to staff and Oakland residents to ensure transparency in setting the RPP Program permit fees.**

## **The City's policies do not clearly define the level of cost recovery for the RPP Program, as well as the types of costs that should be included in the Program's cost analysis**

To assess the appropriateness of the RPP Program fee, all relevant City policies regarding user fees were reviewed. The audit found that the City lacks key elements of best practice for user fee policies, which hinders Parking Management from adequately assessing and setting the RPP Program fee.

### Municipal Code, Administrative Instruction and Council Resolution

Chapter 10.44 of the City's Municipal Code (RPP Program Ordinance), Administrative Instruction #19 (AI #19) and the City Council's "Resolution Adopting a Policy on Charges for the City of Oakland's Services" (Resolution No. 77924) are the City's policies currently governing the RPP Program. Exhibit 5 summarizes key points in each of these three policies.

## EXHIBIT 5: Current City Policies Related to the RPP Program

City Policy	Description
Chapter 10.44 of the City's Municipal Code (RPP Program Ordinance)	<ul style="list-style-type: none"> <li>Provides for the establishment and regulation of the RPP Program</li> <li>RPP Program Fee section refers to the Master Fee Schedule</li> </ul>
Administrative Instruction #19 regarding the Master Fee Schedule (AI #19)	<ul style="list-style-type: none"> <li>Delineates procedures to be followed in relation to the Master Fee Schedule</li> <li>Lists general responsibilities for the Budget Office and other departments or agencies that levy fees</li> <li>The Master Fee Schedule listing all of the City's fees</li> </ul>
"Resolution Adopting a Policy on Charges for the City of Oakland's Services" (Resolution No. 77924)	<ul style="list-style-type: none"> <li>Establishes procedures and regulations to be followed when establishing City user fees</li> <li>Refers to the Master Fee Schedule for charges and AI #19</li> <li>Lists general responsibilities for the Budget Office and other departments or agencies that levy fees</li> </ul>
Sources: City of Oakland Municipal Code, Administrative Instruction Database, and the City of Oakland online Legistar System	

### Best practice guidelines state a city should implement a clear user fee policy

According to the Government Finance Officers' Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB), "A government should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided." Furthermore, in GFOA and NACSLB's "Best Practices in Public Budgeting", City user fee policies may contain the following elements<sup>2</sup> as shown in Exhibit 6.

<sup>2</sup> <http://www.gfoa.org/services/nacslb/>

## EXHIBIT 6: Best Practice Elements for User Fee Policies

Best Practice	City Auditor's Assessment of City of Oakland's Policies <sup>3</sup>
1. Requirement to review all fees and charges.	✓
2. State the level of cost recovery for services.	
3. Set a frequency for undertaking cost-of-service studies.	
4. Allow stakeholder input into formulation of the policy.	✓
5. Make policies on fees and charges available to the public.	✓
6. Include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital.	
7. Identify any reasons for not recovering full costs. The reasons should be identified and explained.	
Source: Government Finance Officers' Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB)-Best Practices in Public Budgeting	

The audit found the City of Oakland's policies contains three of the seven best practice elements. However, they do not contain the four that are used in actually determining appropriate user fee levels.

Best Practice #3 is not currently addressed in City policies but can be addressed by amending Resolution No. 77924 to set a frequency for conducting a cost-of-service study for the RPP Program. For Best Practices #2 and #7, Exhibit 7 contains excerpts from other cities' user fee policies as examples of best practice implementation. Best Practice #6 is discussed in Chapter II.

<sup>3</sup> Resolution No. 77924 C.M.S "Resolution Adopting a Policy on Charges for the City of Oakland's Services."

## EXHIBIT 7: Example User Fee Policy Excerpts and Best Practice Implementation from Other Cities

### 1) State the level of cost recovery for services: (Best Practice #2)

City of Prince George BC, Canada	<p><u>User Fee Policy Excerpt:</u></p> <p>User fees should cover the full cost of a facility or service except when:</p> <ul style="list-style-type: none"> <li>• Subsidization would provide significant public benefits</li> <li>• Cost recoverable fees would deny access to intended users</li> <li>• Collection costs would be excessively high</li> </ul>
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### 2) Identify any reasons for not recovering full costs. The reasons should be identified and explained: (Best Practice #7)

City of San Luis Obispo	<p>User Fee Policy Excerpt</p> <p>The following factors favor high cost recovery:</p> <ul style="list-style-type: none"> <li>• Service similar to private sector service</li> <li>• Other private or public sector alternatives could or do exist for service delivery</li> <li>• There is a direct relationship between the fee and the service. Use of the service is specifically discouraged (e.g. false fire alarms)</li> <li>• Service is regulatory in nature</li> </ul> <p>Examples of programs and services with high cost recovery levels include:</p> <ul style="list-style-type: none"> <li>• Development-related fees</li> <li>• Planning</li> <li>• Building and safety</li> <li>• Engineering</li> </ul> <p>The following factors favor low cost recovery:</p> <ul style="list-style-type: none"> <li>• No intended relationship between amount paid and benefit received (e.g. social services)</li> <li>• Collecting fees is not cost-effective</li> <li>• No intent to limit use of service</li> </ul> <p>Examples of programs and services with low to moderate cost recovery levels include:</p> <ul style="list-style-type: none"> <li>• Activities for youth and seniors</li> <li>• Library fees</li> <li>• Recreation and community services</li> </ul>
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Sources: 1) City of Prince George, BC's "User Fee Policy" and 2) GFOA and NACSLB- Best Practices in Public Budgeting and the City of San Luis Obispo's "User Fee Cost Recovery Goals 1997-99"

As previously mentioned, the City's policies do not define what fees can or should be subsidized by the City. The City's Resolution No. 77924 C.M.S. states that the Master Fee Schedule will, "Provide equity in distributing the cost burden for City services on the beneficiary and the taxpayer, consistent with sound fiscal and management principles." However, the RPP Program Ordinance, the Master Fee Schedule and City Council Resolution all do not identify any instances when the City would not recover the full costs of providing a City service or program through user fees.

Setting fees lower than full cost may serve significant public benefit in relation to specific government services. For example, a program that the City provides may be primarily for low income families, yet if a high fee is

charged for the program, low income families may not be able to take part in the program, therefore defeating the purpose of the program. In those cases, the City would need to consider subsidizing the cost of the program. Clear policy on the intent of the level of cost recovery, including the definition of full or less than full cost recovery, would establish guidance to set the RPP Program fees.

**We recommend that City Council revise Resolution No. 77924 C.M.S and the RPP Program Ordinance to determine specifically for the RPP Program**

- Types of costs that are to be included in the cost of City programs and services
- Level of costs that should be recovered for specific government programs and services (i.e. the specific percentage as in 100% cost recovery or 50% cost recovery)
- Cases when less than full cost recovery would be appropriate
- Frequency for a cost-of -service study

**We recommend that the City Administrator revise Administrative Instruction #19 and the Master Fee Schedule according to the revisions made to Resolution No. 77924.**

## Conclusion

In conclusion, the audit found that city policies do not clearly define the intended level of cost recovery for the RPP Program. Clear policy direction from the City Council would establish guidance for Parking Management to set the fees for the RPP Program.

## Recommendations

We recommend the City Council:

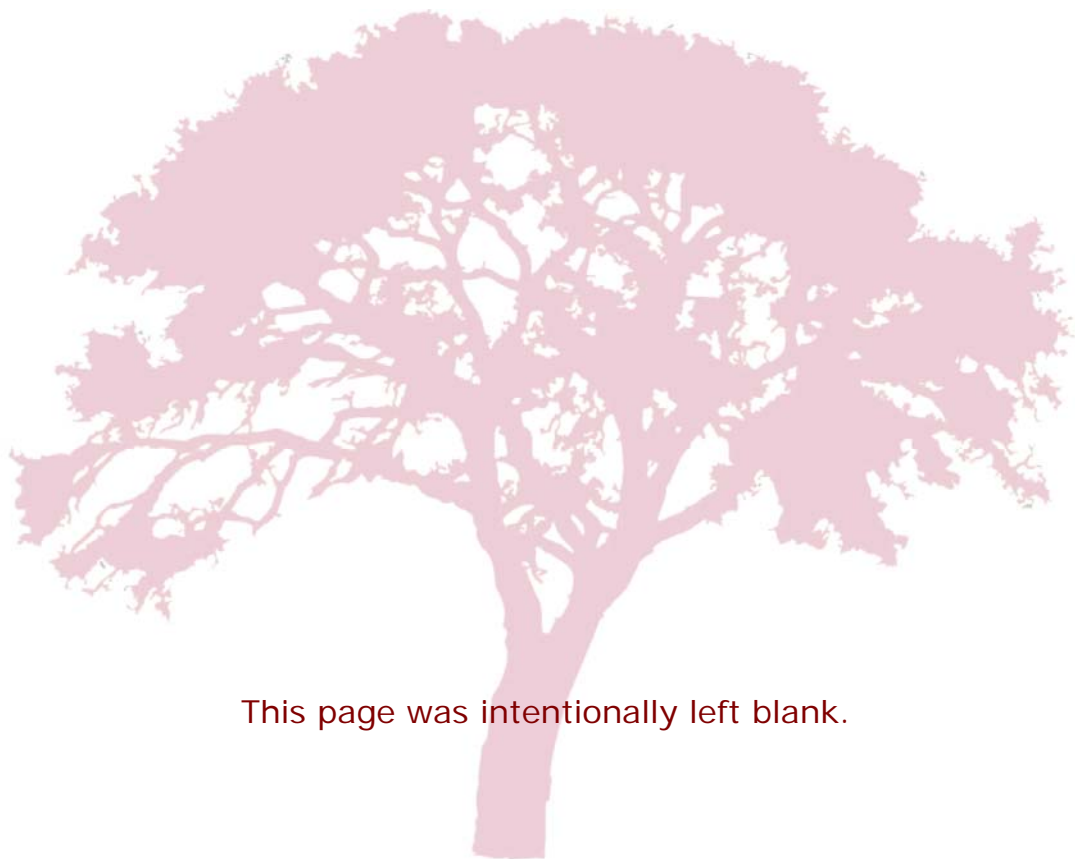
### Recommendation #1

Review and revise the RPP Program Ordinance and Resolution No. 77924 (Adopting a Policy on Charges for the City of Oakland's Services), to determine specifically for the RPP Program the: a) types of costs that are to be included in the cost analysis; b) level of cost should be recovered for specific government programs and services; c) cases when less than full cost recovery would be appropriate; and d) frequency for a cost-of-service study.

We recommend the City Administrator:

### Recommendation #2

Review and revise Administrative Instruction #19 and the Master Fee Schedule to reflect City Council's policy direction on determining specifically for the RPP Program: a) what types of costs are to be included in the cost analysis; b) what level of cost should be recovered for specific government programs and services; c) when less than full cost recovery would be appropriate; and d) frequency for a cost-of-service study.



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## CHAPTER TWO

### **Parking Management lacked a comprehensive program cost and revenue analysis for the RPP Program**

The audit found that Parking Management lacked a comprehensive management framework to provide proper financial analysis of the RPP Program. Specifically, three key elements of financial management were not in place:

- Identification of all relevant program costs and revenues
- Tracking of all program costs and revenues
- Maintenance of financial records for all program costs and revenues

As a result, Parking Management was not able to accurately assess RPP Program fees.

The audit identified best practices from GFOA and other cities for the types of cost that should be included in the RPP Program's cost analysis. For RPP Program revenues, Parking Management only considered revenue from permit fees and did not include RPP Program parking citation revenue to help cover the cost of the program. By presenting both revenue sources in the program's financial analysis, Parking Management will enable the City Council to make a fully informed policy decision on

- Whether a full cost recovery program budget is achieved by one or two revenue sources
- How best to balance the costs passed on to permit holders and permit violators

The City Council's policy direction will determine what types of costs and revenue sources should be included in the RPP Program Revenue and Cost Analysis. We recommend the Parking Management provide the City Council with a complete financial analysis. This analysis should include all direct and indirect RPP Program costs, as well as all RPP Program revenue sources, so that City Council is provided the necessary information to make a clear policy decision on the level of cost recovery intended and the appropriate RPP Program permit fee and citation rate.

**Parking Management did not include all relevant costs (enforcement, benefits, overhead, etc.) in the September 2008 Agenda Report cost analysis of the RPP Program**

City Council adopts a "Policy" budget every two years and conducts a mid-cycle review, which requires ongoing analysis by the City Administrator's Office to ensure a balanced budget is achieved each year. Financial management at the program level by City departments similarly requires continuous analysis and a well-defined management system.

Based on the cost and revenue analysis prepared by Parking Management for FY 2008-09 and included in the Finance and Management Committee's September 2008 Agenda Report, a \$60 residential permit fee was proposed, as shown in Exhibit 8, to cover all costs for the RPP Program.

### **EXHIBIT 8: Parking Management's Proposed RPP Program Permit Fee Increases in September 2008**

<b>Types of Permits</b>	<b>Current Fees</b>	<b>Proposed Fees</b>
Annual/ Initial	\$25	\$60
Renewal	\$15	\$50
Business	\$75	\$110
Replacement	\$10	\$30
Visitor 1 day	\$1	\$2
Visitor 14 days	\$5	\$20
Half- Year Annual	\$17.50	\$30
Half- Year Business	\$37.50	\$55
Source: September 2008 Agenda Report, Table 1		

According to Parking Management, the \$60 proposed residential permit fee, along with increases for the residential renewal, business, replacement, visitor, half-year annual and half-year business permit fees would generate estimated revenue of \$239,516 in FY 2009-10. The audit found that this revenue total exceeds Parking Management's RPP Program cost calculations of \$224,101 for FY 2008-09 by \$15,415, shown in Exhibit 9.

## EXHIBIT 9: Parking Management's RPP Program Estimated Net Revenue in September 2008

Budget Item	Total
Estimated Proposed Revenue (Permit Fees) FY 2009-10 (based on FY 2008-09 number of permits sold)	\$239,516
Estimated O&M <sup>4</sup> Cost of Processing and Materials FY 2008-09	(\$224,101)
<b>Net Revenue (Revenue less O&amp;M Cost)</b>	<b>\$15,415</b>
Source: September 2008 Agenda Report, Tables 2 and 3	

While the proposed fee increase in the September 2008 Agenda Report appeared to generate revenue above Parking Management's estimated RPP Program cost, the audit found that Parking Management did not include overhead, enforcement and personnel benefits in their cost analysis. Therefore, the cost calculations do not measure the full cost of providing the RPP Program.

GFOA best practice guidelines state that full cost recovery includes direct and indirect costs when calculating the cost of providing government services. The GFOA guidelines for setting government fees specifically state, "Costs of service include direct and indirect costs such as operating and maintenance costs, overhead and charges for use of capital (depreciation and debt service)." Regardless of the level of cost recovery, the City Council sets for RPP Program permit fees, Parking Management should provide complete and accurate cost accounting and program information to enable a clear policy decision by the City Council.

While Parking Management disagreed that RPP Program enforcement costs should be included, the audit found that Parking Management included enforcement costs in its financial analysis for Area M<sup>5</sup>. The estimated cost analysis for Area M included both one-time enforcement costs and ongoing enforcement costs. The Area M Agenda Report from October 16, 2007 also clearly states that the intent of the program is to achieve full cost recovery. The analysis highlights inconsistencies for RPP Program financial analysis by area and overall in RPP Program management. Parking Management's analysis of Area M reflects GFOA Best Practice #6, as discussed in Chapter 1, and should be used as guide for calculating full costs of the entire RPP Program. Exhibit 10 shows the details of the Area M cost analysis.

<sup>4</sup> Operations and Maintenance

<sup>5</sup> Area M is a temporary RPP Program Area in the Jack London Square District.

## EXHIBIT 10: Parking Management's Jack London District Permit Parking Estimated Costs

Description	Costs
<b>One-Time Costs</b>	
1 Enforcement Vehicle	\$31,000
1 Radio for Parking Control Technician	\$2,500
1 Global Positioning System (GPS) for Parking Enforcement Vehicle	\$1,000
<b>Sub-Total</b>	<b>\$34,500</b>
<b>On Going Costs</b>	
.5 FTE Public Service Representative	\$36,666.00
1 FTE Parking Control Technician	\$69,192.00
Administrative Cost (approximately 3 hours/day for 2 months)	\$4,800
Parking Enforcement Supervisor (approximately 3 hours per week)	\$5,463
Annual Vehicle Maintenance	\$6,395.00
Application Materials, Permits, Postage	\$3,000.00
Distribution to Alameda County -- \$5/ ticket paid (court, jail and state fund)	\$5,000
Annual GPS Service Fee	\$504
<b>SUB-TOTAL</b>	<b>\$94,354.12</b>
<b>TOTAL COSTS</b>	<b>\$131,020.12<sup>6</sup></b>
Source: Interim Mixed Used Permit-Parking Program for Jack London District (Area M) October 2007 Agenda Report	

<sup>6</sup> Please note that this table was taken directly from the Agenda Report. The calculation inaccuracies are reflective of Parking Management's errors. The correct sub-total for Ongoing Costs is \$131,020 and the correct Total Costs comes to \$165,520.

**Parking Management did not track all relevant RPP Program costs (overhead, enforcement and personnel benefits) for the FY 2008-09 program cost analysis**

Other City RPP Programs Track both Direct and Indirect Costs for their Cost Analysis

In a survey of eight cities, the audit found that in addition to the direct labor and material costs:

- Two cities integrate enforcement costs
- Two cities integrate overhead costs
- Three cities integrate benefits costs

Exhibit 11 summarizes the survey results.

**EXHIBIT 11: RPP Program City Comparison Survey Results for RPP Program Costs**

Costs Included in RPP Program Analysis								
Labor Costs						Non-labor Costs		
City	Managers	Back Office staff	Traffic Engineering	Enforcement	Benefits	Permit Materials & Mailing	Enforcement (fuel, uniforms, etc.)	Overhead
<b>Oakland<sup>7</sup></b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
San Francisco	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Berkeley	Yes	Yes	No	No	No	Yes	No	No
Sacramento	No	No	No	No	No	No	No	No
Santa Barbara	No	No	No	No	No	Yes	No	No
San Jose	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Los Angeles	Yes	Yes	Yes	Yes	No	Yes	No	No
Madison	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Chicago	No	No	No	No	No	Yes	No	
<b>Total "Yes" Answers*</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>3</b>
Source: Office of the City Auditor's RPP City Comparison Survey Results								
* Oakland is not included in the totals listed above.								

<sup>7</sup> Oakland's program costs in the chart are based on the FY 2008-09 RPP Program Cost Analysis in the September 2008 Agenda Report.

The City and County of San Francisco tracks all relevant costs, including enforcement, overhead and benefits costs. As a result of tracking and including all relevant costs, San Francisco reported that it was able to set a fee that recovers 87% of program costs for FY 2009-10. San Francisco's approach is consistent with GFOA's Best Practice #6, as discussed in Chapter 1.

Parking Management stated that the September 2008 Agenda Report RPP Program cost analysis did not include indirect costs such as enforcement. Parking Management felt that including these costs would further increase the RPP Program fees needed to cover the estimated cost, at a time when Oakland residents are experiencing difficult economic conditions.

During the audit, current Parking Management supported the exclusion of enforcement costs in the FY 2008-09 analysis because it found tracking enforcement hours in RPP Program areas difficult and therefore infeasible. However, according to Parking Enforcement Staff, tracking enforcement costs is feasible. The City is partitioned into parking enforcement beats and Parking Control Technicians (PCTs) are assigned to specific beats. Beat 51 is primarily made up of RPP Program areas, these areas include Areas C, D and I. The Beat 51 boundaries are the east side of Broadway to Emeryville City Limits and the north side of 51<sup>st</sup> Street to Berkeley City Limits. Parking Enforcement Supervisors can track enforcement costs by assigning PCTs to patrol solely Beat 51. This would mean that all of the Beat 51 PCT's time, benefits and fuel costs would be counted as RPP Program costs. For beats that have only a few blocks of RPP Program areas, PCTs can track their time in these areas in their Daily Activity Log notes. Parking Enforcement staff indicated that these notes can be used to estimate the amount of time spent in RPP Program areas.

Practices from other cities demonstrate the importance of both tracking and integrating relevant costs to ensure the full cost of the RPP Program is determined.

**Parking Management was not able to provide the evidence necessary to validate more than 90% of its FY 2008-09 cost analysis presented to the Finance and Management Committee in September 2008**

Parking Management could not provide documentation necessary to support more than 90% of its RPP Program cost analysis presented in the September 2008 Agenda Report to City Council, shown in Exhibit 12. The line item costs for FY 2008-09 included Parking personnel time, Community and Economic Development Agency (CEDA) Traffic Engineering personnel time and material costs. Parking Management provided partial documentation to support the material costs, but documentation for the RPP-related personnel time could not be provided.

## EXHIBIT 12: Parking Management's Analysis of RPP Program Cost for FY 2008-09

Description	Amount
<b>Costs/Expenditures</b>	
Costs of Decals, Permit Applications and Paper and Postage	\$18,242.00
Five FTEs Assigned 7.5 hours/day First Four Months of the Renewal Season to Process RPP	<b>\$81,994.50</b>
4.5 FTEs Assigned Four Hours Daily to Process RPP	<b>\$77,309.10</b>
Admin Cost Four Hours/Day (2.5 Months)	<b>\$9,554.84</b>
Admin Cost (Accountant II, 4.5 hours/Day First Four Months of Renewal Season to Log, Issue and Reconcile RPP	<b>\$13,592.88</b>
On Going Administrative Cost (Accountant II, Three Hours Daily)	<b>\$17,800.20</b>
Cost of Traffic Engineering (Personnel Cost)	<b>\$5,607.58</b>
<b>Total Costs</b>	<b>\$224,101.10</b>
Source: September 2008 Agenda Report, Attachment A	

Parking Management explained that the FY 2008-09 personnel hours presented in the September 2008 Agenda Report were based on estimates collected in interviews from staff who work on the RPP Program. These estimates were not documented and Parking Management does not require staff to track their time to ensure accurate time estimates are available. As a result of not being able to provide supporting documentation for the RPP Program cost analysis, Parking Management could not fully justify more than 90% of the program's costs to the City Auditor's Office. These line-item costs, indicated in red above, cast doubt on the accuracy and reasonableness of the RPP Program's cost analysis; they reflect a significant deficiency in Parking Management's oversight.

We recommend that Parking Management develop procedures that clearly track and document all RPP Program costs to ensure sufficient justification exists for future program financial analysis presented to the City Council and the public.

**Parking Management did not present all revenue sources related to the RPP Program that should be included in the RPP Program's revenue analysis**

The audit found that Parking Management did not have a procedure in place to consider RPP Program parking citation revenue for the program as part of the program's cost recovery and only considers revenue for the RPP Program from permit fees. The FY 2008-09 revenue from RPP Program parking citations was not provided to the City Auditor's Office, however according to citation reports provided by Parking Management's contractor, RPP citation revenue for FY 2007-08 was \$320,505.

Parking Management should consider all relevant revenue sources for the RPP Program to ensure accurate program budget management. Without all relevant revenue considered for the RPP Program, the City Council and Parking Management are not able to a) determine the percentage of cost recovery; b) determine the level of subsidy, if any, for the RPP Program; and c) manage the budget of the program effectively.

Other City RPP Programs Include RPP Parking Citation Revenue in Their RPP Revenue Analysis

In a survey of eight cities we found that two cities include RPP parking citation revenue in their RPP Analysis. These include the cities of Berkeley and Chicago, as shown in Exhibit 13.

## EXHIBIT 13: RPP Program City Comparison Survey Results – Revenues Included in RPP Budget Analysis

City	Revenue Sources	
	Revenue from Permit Fees	Enforcement Revenue from RPP Citations
<b>Oakland</b>	<b>Yes</b>	<b>No</b>
San Francisco	Yes	No
Berkeley	Yes	Yes
Sacramento	Yes	No
Santa Barbara	Yes	No
San Jose	No	No
Los Angeles	Yes	No
Madison	Yes	No
Chicago	Yes	Yes
<b>Total “Yes” Answers*</b>	<b>7</b>	<b>2</b>

Source: City Auditor’s Office RPP Program City Comparison Survey Results

\* Oakland is not included in the total listed above.

While there is no clear best practice regarding inclusion of citation revenue in developing the RPP Program budget, an important policy question arises for the City Council. Presentation of all revenue sources by Parking Management is important to create options for policymakers.

### Impact of Revenue Streams on Achieving RPP Program Objectives

Returning to the original objectives of the RPP Program, the City created the program to allow residents adequate parking space by penalizing those who park in RPP Program areas without an RPP Program permit. Permit fees should serve as a signal from the City to its residents as to what level of cost-sharing for the RPP Program it considers fair. Citation rates should serve as a deterrent from the City to violators of the program. By presenting both revenue streams, Parking Management will enable the City Council to have the option to balance the program costs across two key groups in the RPP

Program and make a fully informed policy decision on: 1) whether a full cost recovery program budget is achieved by one or two revenue sources and 2) how best to balance the costs passed on to permit holders and permit violators.

As discussed in the Background section of this audit report, in May 1990, instead of increasing the RPP Program permit fee, the Council Committee on Public Safety, Public Works & Capital Improvements, Land Use, and Environmental Concerns decided to increase the parking fine for RPP Program violations. It was estimated that the higher fine would generate sufficient revenue to match the enforcement costs for the program. It is clear that this is a policy decision that City Council has made in the past and must make again in order to demonstrate transparency and fairness to Oakland residents in setting the appropriate RPP Program permit fee and citation rate.

## **Conclusion**

The audit found that overall Parking Management lacked a comprehensive management framework to provide the necessary budgetary controls and financial management for the RPP Program. The audit found that Parking Management did not have a formal program budget in place for the RPP Program and Parking Management did not consistently monitor and measure full costs and revenue sources for the RPP Program. Parking Management did not include or track all costs and relevant revenue sources for analysis. The effect of the lack of a comprehensive cost and revenue analysis precludes the City Council from determining an appropriate fee and citation rate for the RPP Program.

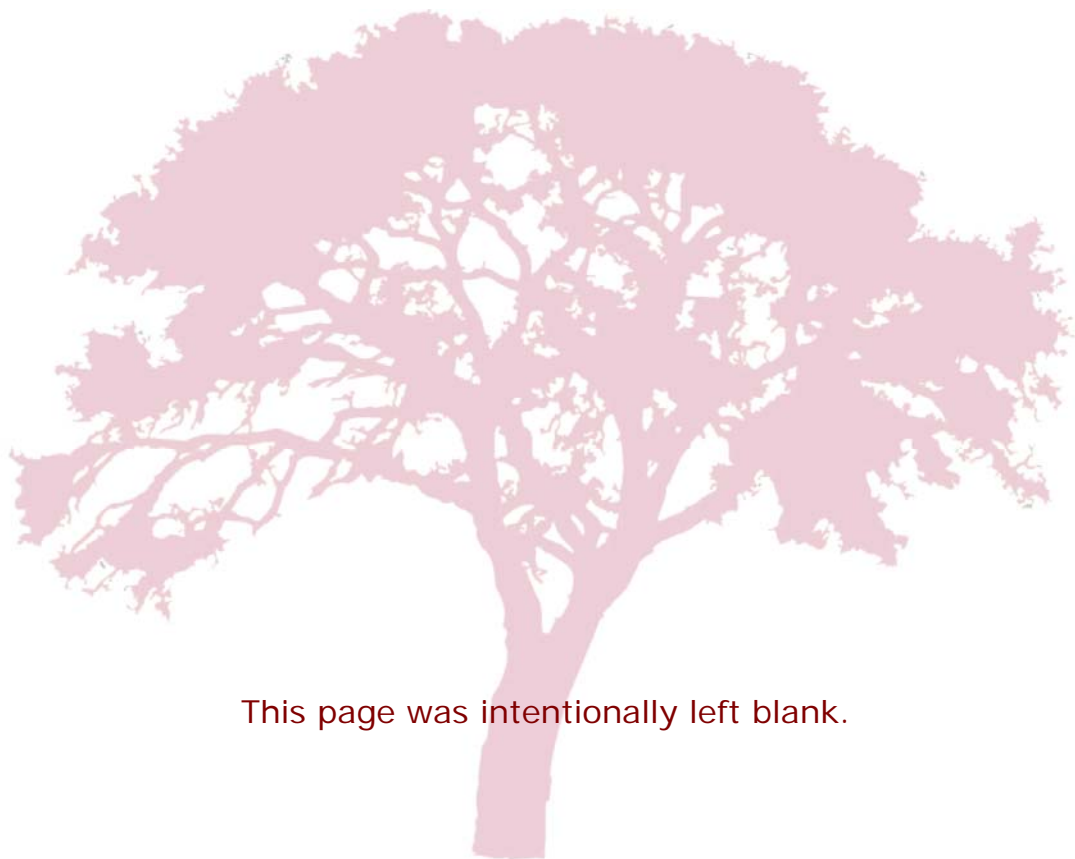
## Recommendations

Assuming the intent of the RPP Program fees is full cost recovery, we recommend that Parking Management:

Recommendation #3	Develop a cost analysis model that includes all direct and indirect costs to operate the RPP Program, including enforcement, benefits, and overhead. All costs should be itemized to assist the City Council in determining the extent to which the RPP Program will achieve full cost recovery.
Recommendation #4	Begin tracking and documenting staff time spent on RPP to obtain an accurate estimate of the cost of the RPP Program.
Recommendation #5	Maintain all relevant documentation to support any of the costs presented in its RPP Program analysis.
Recommendation #6	Develop a revenue analysis model that shows revenue from RPP Program permit sales and RPP Program citations. All revenues should be itemized to assist the City Council in determining the revenue streams to be used to cover the costs of the RPP Program.

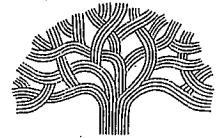
Assuming the intent of the RPP Program fees is less than full cost recovery, we recommend that City Council:

Recommendation #7	Set a fee that (1) clearly identifies which cost components and revenue streams of the RPP Program are included in the RPP Program by Parking Management and (2) achieves an annually specified level of RPP Program cost recovery or level of program subsidy by the City.
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# CITY OF OAKLAND



PARKING DIVISION • 250 FRANK H. OGAWA PLAZA SUITE 6300 • OAKLAND, CALIFORNIA 94612  
PARKING CITATION ASSISTANCE CENTER

(510) 451-0423  
FAX (510) 986-2699  
TDD (510) 839-6451

June 15, 2010

Ms. Courtney Ruby  
City Auditor  
City of Oakland  
150 Frank H. Ogawa Plaza  
Oakland, CA 94612

Re: Response to Performance Audit of the Residential  
Parking Program

Dear Ms. Ruby:

Attached please find the City's response to the Residential Permit Parking Program (RPP) audit, addressing Fiscal Years 2007-2008 and 2008-2009, under the previous Parking Management.

We acknowledge that some improvements have been made to the final draft of the audit to clarify that the audit deals with issues under prior management. We would like to further emphasize, however, that number of issues raised in the audit already have been or are being addressed by the current Parking Management. We request our initial and current responses to the audit (dated May 19, 2010 and June 15, 2010) be made a part of the record and release of the final report.

The current Parking Management team has already implemented procedures and internal controls for the RPP program, addressing many of the issues raised in your audit. Further, we have responded to each of the recommendations in your audit in terms of what we think is feasible, practical, and reasonable given the City's severe budget reductions and lack of staff. In summary, staff in Parking and other departments will take the following actions to implement the audit's recommendations:

Cost Recovery for RPP program – The Budget Office will formalize and document through Council Ordinance what types of costs are to be included and recovered for specific government programs and when less than full cost recovery would be appropriate. Furthermore, Administrative Instruction #19 and the Master Fee Schedule will be revised accordingly.

Contracts – The City has signed a new long term RPP contract with Kaiser Permanente which addresses audit recommendations; Parking Management will negotiate a new RPP contract with Head-Royce School.

Area B RPP Ordinance – Parking Management will submit a Resolution to Council to formally rescind the 1991 Resolution which waived RPP permit fees to Area B residents.

All other recommendations have either been implemented or are not practical for Oakland's RPP program.

The Parking Division's Management team is committed to further refining the administration of the RPP program. We look forward to a further dialogue with you as we accomplish this.

Sincerely,

A handwritten signature in cursive script that reads "Noel Pinto".

Noel Pinto  
Director, Parking Operations

cc: Dan Lindheim  
Marianna Marysheva-Martinez  
PCAC Supervisor

# CITY OF OAKLAND

Response **to**

*The Final Draft Report of the Residential Permit Parking Program  
Performance Audit Report #1*

June, 2010

## Audit Response

This is a response to the audit conducted by the City Auditor regarding the Residential Parking Permit (RPP) program performance audit report #1. While some audit recommendations may help to further strengthen the administration of the RPP program, the audit report has some inaccurate statements in the final draft which the City is not in agreement with.

Although some changes to the audit report requested by the Parking division have been made, the report overall does not clearly emphasize that the audit findings reflect actions or decisions made by the **prior parking administration**. The report gives the appearance that the audit findings reflect current conditions under the new parking administration which is not the case.

## **RPP Report #1**

### **Chapter I: The City's policies for the RPP program do not clearly define the level of intended cost recovery for the program.**

RECOMMENDATION NO. 1: Review and revise the RPP Ordinance and Resolution No. 77924 (Adopt a Policy on Charges for the City of Oakland's Services), to determine specifically for the RPP Program the: a) types of costs that are to be included in the cost analysis; b) level of cost that should be recovered for specific government programs and services; and c) cases when less than full cost recovery would be appropriate; and d) frequency for a cost-of-service study.

RECOMMENDATION NO. 2: Review and revise Administrative Instruction #19 and the Master Fee Schedule to determine specifically for the RPP Program: a) what types of costs are to be included in the cost analysis; b) what level of cost should be recovered for specific government programs and services; and c) when less than full cost recovery would be appropriate.

#### **Management's Response:**

We are in agreement with the finding that City's policies do not clearly define the level of cost recovery for City programs in general (including the RPP program) and the types of costs that should be included in the cost analysis. City Administration will address this issue and develop a financial policy (through a formal City Council Ordinance) to clearly identify which costs should be included in cost analysis, for any fee-based program or service, what level of these costs should be recovered and when less than full recovery would be appropriate. Administrative Instruction (AI) #19 will also be revised to reflect the necessary Cost Recovery Analysis.

We do not however agree with the recommendation to change the RPP Ordinance and Resolution No. 77924. Methodologies utilized in conducting program cost analysis to develop program costs do not need a change to existing Ordinances. A new Council policy referenced above will be sufficient to correct the issue.

### **Chapter II: Parking Management lacked a comprehensive program cost analysis for the RPP program.**

RECOMMENDATION NO. 3: Develop a cost analysis model that includes all direct and indirect costs to operate the RPP Program, including enforcement, benefits, and overhead. All costs should be itemized to assist the City Council in determining the extent to which the RPP Program will achieve full cost recovery.

RECOMMENDATION NO. 4: Begin tracking and documenting staff time spent on RPP to obtain an accurate estimate of the cost of the RPP Program.

RECOMMENDATION NO. 5: Maintain all relevant documentation to support any of the costs presented in its RPP analysis.

RECOMMENDATION NO. 6: Develop a revenue analysis model that shows revenue from RPP permit sales and RPP citations. All revenues should be itemized to assist the

City Council in determining the revenue streams to be used to cover the costs of the RPP Program.

RECOMMENDATION NO. 7: Set a fee that (1) clearly identifies which cost components and revenue streams of the RPP Program are included in the RPP Program by Parking Management and (2) achieves an annually specified level of RPP Program cost recovery or level of program subsidy by the City.

Management's Response:

We are in agreement that previous parking management did not accurately identify all relevant program costs, track all program costs and revenues nor maintain accurate records of all program costs and revenues.

Current Parking Management has developed procedures to track RPP program costs and revenues and will implement these procedures in conjunction with the RPP renewal process which will start July 1, 2010. The transition to the new ACS system on June 14, 2010 will further enhance the accurate tracking of RPP permit sales and associated revenues.

We do not agree that the costs associated with RPP enforcement should be included in the RPP cost analysis. On page 17, the draft audit states that "Parking Management should provide complete and accurate cost accounting and program information to enable a clear policy decision by the City Council." The memo implies that the cost analysis prepared by the current management is incomplete and inaccurate. We do not feel that it is fair to characterize the cost analysis in that way, when a vast majority of the cities surveyed also do not include indirect costs in their analysis. First, we must clarify that Oakland includes both benefits and overhead in the calculation of RPP permit cost. Secondly, enforcement costs are not included for 3 reasons: (1) we do not feel that it is appropriate to charge residents for enforcement since it is not a "service"; (2) we do not have dedicated enforcement staff for RPP areas; (3) generally, enforcement activities are more than fully covered by enforcement revenues.

We believe that Oakland's RPP cost methodology is consistent with that of other cities; Oakland includes in its cost basis direct staff cost, full benefits and full overhead.

Furthermore, even if a decision was made to include enforcement costs, generally the revenue generated by Enforcement staff exceeds the costs: For last Fiscal Year the enforcement revenue collected was \$23,930,986 (Attachment #1) while the cost of the enforcement staff was \$3,327,823 (see Attachment #2).

It is important to add that City Council adopted an annual rate increase proposed by current management in January 2010 from \$20 to \$35 for Residential Parking Permit renewals. The calculation of the new residential permit parking fee was based on the staff hours expended to process RPP requests. The staff report indicates that it takes 45 minutes to process an RPP application (see Attachment #3). The 45-minute figure is based on the following:

- A total of 2 FTEs handled RPP applications; one was assigned exclusively to this task; and two additional staff members each spent approximately 50% of their daily time on RPP application processing.

- The total time spent by the 2.0 FTEs discussed above (3,090 hours) was divided by the number of RPP applications processed (4,100 for the last year), resulting in 45 minutes per application.

-The permit fee of \$35 per year was established based on the 45 minutes it takes to process each application at a fully burdened cost that reflects salary, full benefits (at a rate of 57%) and overhead (at a rate of 27%).

Finally, we want to re-emphasize that the analysis presented in Exhibits 8 and 9 of the audit report was proposed by the previous management and is not supported by the current management. The actual RPP fee proposed by the current management and approved by the City Council is \$35. The current management staff in Parking Operations does not believe the information presented in Exhibits 8 and 9 is accurate, and that, therefore, \$60 fee proposed in September 2008 was not accurate, as it was based on incorrect calculations. The actual fees adopted by the City Council were based on a different analysis and the current fees are substantially different from what was proposed in 2008.

**In conclusion:**

Regarding Recommendation No. 3: A cost analysis model already exists and it includes direct staff costs, full benefits and overhead. Enforcement costs should not be included in this cost analysis and this approach is consistent with other cities similar to Oakland.

Regarding Recommendation No. 4: Current Parking Management has developed procedures to track RPP program costs and revenues and will implement these procedures in conjunction with the RPP renewal process which will start July 1, 2010 and staff will track time spent on each task to justify fees.

Regarding Recommendation No. 5: Management will continue to maintain all relevant supporting documentation pertaining to the RPP program cost analysis.

Regarding Recommendation No. 6: Management will track revenues and expenditures for annual review internally and fees will be revised if necessary.

Regarding Recommendation No. 7: This was accomplished with the recent fee change of \$35 which was approved by Council on November 10, 2010.

**Funds Available Inquiry (OPERATING)**

**Selection Criteria**

Budget: **CITY OP** Amount Type: **Year To Date Extended**

Period: **P13-09** Encumbrance Type: **ALL**

Account Level: **All**

**Funds Available ( USD )**

Summary	Account	Budget	Encumbrance	Actual	Funds Available
<input checked="" type="checkbox"/>	1.1010.08721.43112.0000000.0000	0.00	0.00	① 124,602.18	(124,602.18)
<input type="checkbox"/>	1.1010.08721.43112.0000000.FM	0.00	0.00	0.00	0.00
<input type="checkbox"/>	1.1010.08721.43112.0000000.IP33	0.00	0.00	0.00	0.00
<input type="checkbox"/>	1.1010.08721.43112.0000000.IP59	(23,450,767.00)	0.00	② (24,055,908.35)	605,141.35
<input type="checkbox"/>	1.1010.08721.43112.0000000.IP60	0.00	0.00	③ 320.43	(320.43)
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					

**Encumbrance Amounts**

Commitment: **0.00** Obligation: **0.00** Other: **0.00**

**Account Description**

CITY.General Fund: General Pur.Treasury: Operations.Fines: City Traffic Code.UNDETERMINED PROJECT.Undeterm

①, ②, ③ = \$ 23,930,986

**Parking Division**  
**Citation Labor Expenditures**  
**(P13-09)**  
**Fiscal Year 2008-2009**

<u>Entity</u>	<u>Fund</u>	<u>Org</u>	<u>Account</u>	<u>Project</u>	<u>Program</u>	<u>Budget</u>	<u>Encumbrance</u>	<u>Actual</u>	<u>Funds Available</u>
1	1010	8941	51111	0	IP60	1,418,600.04	-	1,470,175.25	(51,575.21)
1	1010	8941	51122	0	IP61	-	-	39,393.15	(39,393.15)
1	1010	8941	51111	0	IP61	-	-	35,977.40	(35,977.40)
1	1010	8941	51122	0	IP62	-	-	34,865.80	(34,865.80)
1	1010	8941	51212	0	IP60	-	-	24,921.75	(24,921.75)
1	1010	8941	51425	0	0	-	-	21,294.39	(21,294.39)
1	1010	8941	51613	0	IP61	-	-	17,921.85	(17,921.85)
1	1010	8941	51317	0	0	-	-	14,238.00	(14,238.00)
1	1010	8941	51111	0	IP59	-	-	11,967.89	(11,967.89)
1	1010	8941	51611	0	IP61	-	-	10,975.19	(10,975.19)
1	1010	8941	51511	0	IP61	-	-	7,365.09	(7,365.09)
1	1010	8941	51122	0	IP59	-	-	7,213.30	(7,213.30)
1	1010	8941	51133	0	IP60	-	-	3,681.44	(3,681.44)
1	1010	8941	51413	0	0	-	-	3,678.66	(3,678.66)
1	1010	8941	51411	0	0	-	-	3,252.66	(3,252.66)
1	1010	8941	51613	0	IP62	-	-	2,285.22	(2,285.22)
1	1010	8941	51627	0	IP61	-	-	1,631.23	(1,631.23)
1	1010	8941	51911	0	0	-	-	1,630.72	(1,630.72)
1	1010	8941	51627	0	IP62	-	-	1,463.97	(1,463.97)
1	1010	8941	51613	0	IP59	-	-	1,437.88	(1,437.88)
1	1010	8941	51912	0	0	-	-	1,274.85	(1,274.85)
1	1010	8941	51412	0	0	-	-	1,003.43	(1,003.43)
1	1010	8941	51111	0	IP62	-	-	987.00	(987.00)
1	1010	8941	51212	0	IP61	-	-	828.72	(828.72)
1	1010	8941	51412	0	IP60	-	-	767.62	(767.62)
1	1010	8941	51627	0	IP59	-	-	697.51	(697.51)
1	1010	8941	51411	0	IP60	-	-	447.30	(447.30)
1	1010	8941	51425	0	IP62	-	-	362.96	(362.96)
1	1010	8941	51216	0	IP60	-	-	229.93	(229.93)
1	1010	8941	51312	0	0	-	-	216.50	(216.50)
1	1010	8941	51221	0	IP60	-	-	200.18	(200.18)
1	1010	8941	51611	0	IP59	-	-	178.66	(178.66)
1	1010	8941	51231	0	IP60	-	-	171.58	(171.58)
1	1010	8941	51511	0	IP59	-	-	122.04	(122.04)
1	1010	8941	51425	0	IP61	-	-	107.73	(107.73)
1	1010	8941	51911	0	IP60	-	-	57.98	(57.98)
1	1010	8941	51317	0	IP60	1,728.00	-	-	1,728.00
1	1010	8941	51627	0	IP60	16,032.00	-	8,360.51	7,671.49
1	1010	8941	51611	0	IP60	463,351.82	-	450,039.56	13,312.26
1	1010	8941	51425	0	IP60	37,656.00	-	1,629.07	36,026.93
1	1010	8941	51613	0	IP60	710,917.17	-	648,382.82	62,534.35
1	1010	8941	51511	0	IP60	404,280.24	-	304,169.38	100,110.86
1	1010	8941	51122	0	IP60	406,471.99	-	192,216.66	214,255.33
						<b>3,459,037.26</b>	<b>-</b>	<b>3,327,822.83</b>	<b>131,214.43</b>

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2009 OCT 29 PM 5:26

# CITY OF OAKLAND

## AGENDA REPORT

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: FMA/Parking Operations  
DATE: November 10, 2009

RE: An Ordinance Amending Ordinance No. 12948 C.M.S. (Master Fee Schedule), as Amended, to Increase the Renewal Fee for Residential Parking Permits from Twenty Dollars (\$20) to Thirty-Five Dollars (\$35) Annually.

### SUMMARY

Staff is recommending an amendment to the Master Fee Schedule to increase the renewal fee for Residential Permit Parking (RPP) to be equivalent to the cost of purchasing a new permit which would increase the renewal fee amount to thirty-five dollars (\$35). The renewal fee for RPP is currently set at twenty dollars (\$20) annually and the new permit fee is set at thirty-five dollars (\$35) annually. Staff analyzed the cost of implementing the RPP program and determined that processing permit renewals is no less costly than processing new permits.

### FISCAL IMPACT

The proposed permit renewal fee increase may generate as much as \$60,000 in revenue to the General Purpose Fund (1010), Treasury Operation Organization (08721), Residential Permit Parking Account (42416) in Fiscal Year 2009-10. The revenue will support the cost of staff to process the renewal applications.

### BACKGROUND

The RPP program was initiated in 1986 when City Council adopted Ordinance No. 10689 C.M.S., providing for the establishment of a Residential Permit Parking program in the City of Oakland. There are currently 10 Residential Permit Parking areas in the City.

### KEY ISSUES AND IMPACTS

Administration of the RPP program is a core service of Parking Operations, although it serves just over 4,000 people, a relatively small number of Oakland residents. Administering the program includes staff time (Parking Assistance Center; ¾ hour per permit at the fully burdened rate of \$48 per hour) and RPP materials (permit decals, permit application duplication, paper, envelopes, postage) and costs an estimated \$188,000 annually. New permit areas have been added recently and an increase in permits is likely to increase administration costs. The cost

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estimate assumes that each permit requires forty-five minutes of staff time for processing – to receive payment, enter data into the system, prepare the mailing, and provide customer service. Revenues in Fiscal Year 2008/2009 (unaudited) were \$130,000. Without adoption of the proposed fee amendment, the program will not be cost-covering.

## **SUSTAINABLE OPPORTUNITIES**

Economic: Increasing Residential Permit Parking fees will help to sustain operations of the City's RPP program. Residential Permit Parking makes the affected area attractive to potential homebuyers.

Environmental: There are no environmental opportunities resulting from the proposed RPP fees.

Social Equity: The proposed program does not discriminate across social boundaries and will provide parking accessibility for residents, merchants and employees.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

There is no impact to disabled or senior citizen access.

**RECOMMENDATION (S) AND RATIONALE**

Staff recommends that City Council adopt an Ordinance amending Ordinance No. 12948 C.M.S. (Master Fee Schedule), as amended, to increase the renewal fee for Residential Parking Permits from twenty dollars (\$20) to thirty-five dollars (\$35) annually.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council adopt the ordinance as proposed.

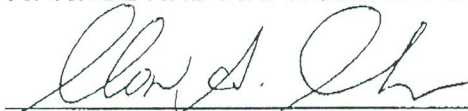
Respectfully submitted,



Noel Pinto  
Parking Operations Manager

Prepared by:  
Kip Walsh, Administrative Services Manager II  
FMA Administration

APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:

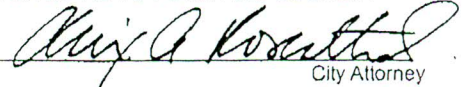


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FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

APPROVED AS TO FORM AND LEGALITY

  
City Attorney

2009 OCT 29 PM 5:16 OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C.M.S.

AN ORDINANCE AMENDING ORDINANCE NO. 12948 C.M.S. (MASTER FEE SCHEDULE), AS AMENDED, TO INCREASE THE RENEWAL FEE FOR RESIDENTIAL PARKING PERMITS FROM TWENTY DOLLARS (\$20) TO THIRTY-FIVE DOLLARS (\$35) ANNUALLY

WHEREAS, the City of Oakland periodically updates its Master Fee Schedule to account for general cost of living increases and program changes or other costs; and

WHEREAS, the City Council finds and determines that an increase in the Residential Parking Permit renewal fee, from \$20 to \$35, is necessary to adequately reimburse the City for the cost of administering the Residential Permit Parking (RPP) Program; and

WHEREAS, this fee increase has been justified by the Finance and Management Agency, and revenues associated with the RPP program were adopted by the City Council as part of FY 2009-10 Amended Budget on July 28, 2009; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

**Section 1.** Master Fee Schedule. The Master Fee Schedule, Ordinance No. 12948 C.M.S., as amended, is hereby amended to increase the permit fees as provided in Section 3.

**Section 2.** The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this ordinance.

**Section 3.** The Master Fee Schedule is amended as follows:

Residential Permit Parking Renewal (annual)	\$20 \$35	Per Vehicle
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**Section 4.** This Ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes on final adoption as provided by Section 216 of the City Charter; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

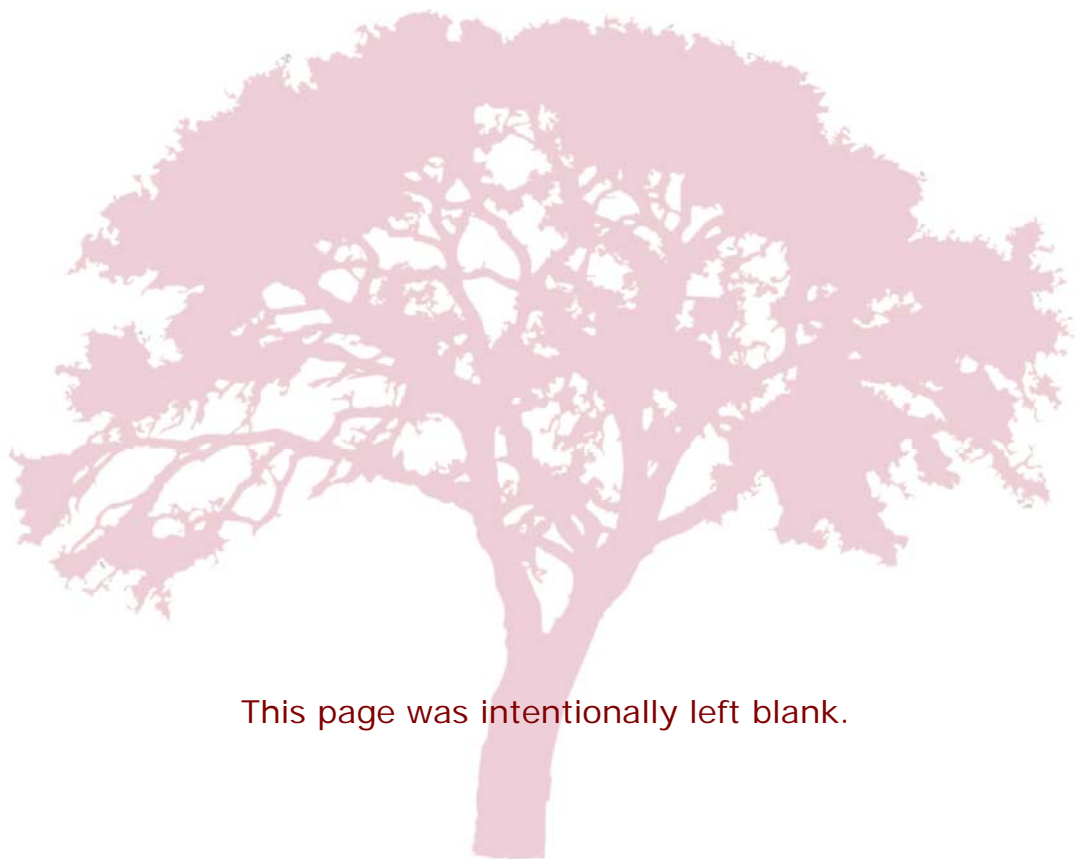
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

DATE OF ATTESTATION: \_\_\_\_\_

**AN ORDINANCE AMENDING ORDINANCE NO. 12948 C.M.S. (MASTER FEE SCHEDULE), AS AMENDED, TO INCREASE THE RENEWAL FEE FOR RESIDENTIAL PARKING PERMITS FROM TWENTY DOLLARS (\$20) TO THIRTY-FIVE DOLLARS (\$35) ANNUALLY**

**DIGEST**

An Ordinance Amending Ordinance No. 12948 C.M.S. (Master Fee Schedule), as amended, to increase the Renewal Fee for Residential Parking Permits from twenty dollars (\$20) to thirty-five dollars (\$35) annually



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## Analysis and Summary of Actions Necessary to Close the Report

We provided a final draft audit report to the City Administrator's Office and Parking Management for review and comment. Parking Management's response describes the actions it has taken or plans to implement in response to our recommendations. The Analysis and Summary of Actions Necessary to Close the Report summarizes our analysis of Parking Management's comments and proposed actions required to close the report. The status of each of the seven recommendations at the time of publication for this report is unresolved, partially resolved, or resolved.<sup>8</sup>

### Office of the City Auditor's Response

#### Current & Previous Parking Management

At the end of this analysis, we highlight information from the audit report that demonstrates both current and previous Parking Management provided incomplete RPP Program cost analyses. We are clarifying this point because Parking Management's response implied the incomplete analysis pertained only to the previous Parking Management. However, we also want to acknowledge that current Parking Management has worked cooperatively and diligently with the City Auditor's Office during the audit and has already initiated several improvements in direct response to the audit findings.

<b>Recommendation #1</b>	<p><b>Partially Resolved</b> – This recommendation is directed to the City Council. The City Council should review and revise the RPP Ordinance and Resolution No. 77924 (Adopting a Policy on Charges for the City of Oakland's Services), to determine specifically for the RPP Program the: a) types of costs that are to be included in the cost analysis; b) level of cost that should be recovered for specific government programs and services; c) cases when less than full cost recovery would be appropriate; and d) frequency for a cost-of-service study.</p> <p>In Parking Management's response, they agreed that the City's policies do not clearly define the level of cost recovery for City programs in general (including the RPP program). The City Administrator's Office will address this issue and develop a financial policy (through formal City Council Ordinance) to clearly identify which costs should be included in the cost analysis for any fee-based City program or service. The new policy should specify the following: a) types of costs that are to be included in the cost analysis; b) level of cost that should be recovered for specific government programs and services; c) cases when less than full cost recovery would be appropriate; and d) a frequency for a cost-of-service study. The response stated that rather than revise the RPP Ordinance and Resolution No. 77924 (Adopting a Policy on Charges for the City of Oakland's Services) at the individual program level, the City Administrator's Office recommends a new Council policy on cost analysis that is then referenced in both documents.</p> <p><b>To close the recommendation, Parking Management should bring this policy decision to the City Council for further policy direction by July 30, 2010.</b></p>
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<sup>8</sup> Unresolved status indicates no agreement on the recommendation or the proposed corrective action. Implementation of proposed corrective action is directed in the Analysis and Summary of Actions Necessary to Close the Report. Partially Resolved status indicates partial agreement on the recommendation or the proposed corrective action. Implementation of the proposed corrective action is clarified in the Analysis and Summary of Actions Necessary to Close the Report. Resolved status indicates agreement on the recommendation and the proposed corrective action. Implementation of the proposed corrective action is forthcoming from the auditee.

<b>Recommendation #2</b>	<p><b>Resolved</b> – Parking Management agreed to review and revise Administrative Instruction #19 and the Master Fee Schedule. As noted in Recommendation #1, the City Administrator's Office agreed to make the revisions to reflect a new City Council Ordinance regarding cost recovery, instead of revising the RPP Ordinance and Resolution No. 77924. The Office of the City Auditor approves of the City Administrator's Office's plan to work with City Council to develop a new Council Ordinance as long as the RPP Ordinance and Resolution No. 77924 refer to the new policy for guidance and the new policy identifies for any fee-based program the: a) types of costs that are to be included in the cost analysis; b) level of cost that should be recovered for specific government programs and services; c) cases when less than full cost recovery would be appropriate; and d) frequency for a cost-of-service study.</p> <p><b>To close this recommendation, the City Administrator's Office should provide a copy of the revised Administrative Instruction #19 and Master Fee Schedule to the Office of the City Auditor by January 3, 2011.</b></p>
<b>Recommendation #3</b>	<p><b>Partially Resolved</b> – Parking Management agreed with including indirect costs such as benefits and overhead costs, but disagreed with including enforcement costs in the RPP Program Cost Analysis. As stated in the recommendation, all costs should be itemized to assist the City Council in making a policy decision on which costs should be included prior to determining the appropriate level of cost recovery for the RPP Program. Parking Management should provide the cost of enforcement data for City Council to make an informed policy decision. Parking Management claimed that with the previous Parking citation management system, it was difficult to track specific costs. With the new ACS parking management system (CARRS), Parking Management should have the appropriate mechanisms available to track RPP Program enforcement costs. Additionally, the report includes suggestions on how to collect this data manually.</p> <p><b>To close the recommendation, Parking Management should bring this policy decision to the City Council for further policy direction by July 30, 2010.</b></p>
<b>Recommendation #4</b>	<p><b>Resolved</b> – Parking Management agreed to begin tracking and documenting staff time spent on RPP to obtain an accurate estimate of the RPP Program staffing costs. In response to the audit's findings, Parking Management stated that procedures have been developed to track RPP program costs and revenues. These procedures will be implemented in conjunction with the RPP renewal process starting on July 1, 2010.</p> <p><b>To close this recommendation, Parking Management should submit a copy of the procedures for tracking staff time and documentation of tracked staff time spent on the RPP Program to the Office of the City Auditor by January 3, 2011.</b></p>
<b>Recommendation #5</b>	<p><b>Resolved</b> – Parking Management agreed to maintain all relevant documentation to support any of the costs presented in its RPP analysis. Parking Management stated that it will continue to maintain all relevant supporting documentation pertaining to the RPP Program cost analysis.</p> <p><b>To close this recommendation, Parking Management should provide all relevant documents that support program costs for the RPP Program for FY 2009-10 to the Office of the City Auditor by January 3, 2011.</b></p>

<b>Recommendation #6</b>	<p><b>Unresolved</b> – Parking Management disagreed with developing a revenue analysis model that shows revenue from both the RPP permit sales and the RPP citations. In its response, Parking Management stated that the revenue generated by enforcement staff exceeds the cost of enforcement. Attachment #1, provided by Parking Management, shows that revenue from city-wide parking enforcement totals \$23,930,986. The RPP Program audit focused on enforcement revenue from the RPP Program, not the total amount of enforcement revenue for the City. During the audit, Parking Management stated that it could not receive accurate management reports on the RPP Program citation revenue from the third-party contractor at the time of the audit. With the new ACS system, Parking Management should have access to accurate management reports for RPP Program enforcement revenue in the future. Just as Parking Management would be expected to provide the revenue from Parking services such as garage parking versus parking meters, it should be able to provide revenue on types of enforcement such as RPP enforcement versus expired parking meters. As stated in the recommendation, all revenues should be itemized to assist the City Council in making an informed policy decision on how best to balance the costs passed on to the permit holders and permit violators.</p> <p><b>To close the recommendation, Parking Management should bring this policy decision to the City Council for further policy direction by July 30, 2010.</b></p>
<b>Recommendation #7</b>	<p><b>Unresolved</b> – This recommendation is directed to the City Council. Assuming the intention of the RPP Program permit fees is less than full cost recovery, the City Council should set a fee that (1) clearly identifies which cost components and revenue sources of the RPP Program are included in the RPP Program by Parking Management and (2) achieves an annually specified level of RPP Program cost recovery or level of program subsidy by the City.</p> <p>In its response, Parking Management stated that the recommendation to set a fee that achieves both criteria has already been achieved with the fee change for RPP Renewal permits from \$20 to \$35, which was approved by City Council on November 10, 2010<sup>9</sup>. However, the audit found that because City Council has not been presented with a complete and accurate RPP Program cost and revenue analysis (Recommendations #3 and #6, respectively) and City Council has not clearly identified the level of cost recovery for the RPP Program (Recommendation #1), Recommendation #7 has not been addressed.</p> <p><b>To close the recommendation, Parking Management should bring this policy decision to the City Council for further policy direction by July 30, 2010.</b></p>

<sup>9</sup> The fee was approved by City Council on January 5, 2010.

## Current & Previous Parking Management

The three exhibits below illustrate that both the current and previous Parking Management's RPP cost analysis is not comprehensive and does not include all relevant costs. As Exhibit 1 illustrates, the analysis prepared by current Parking Management does not include costs such as management time, traffic and engineering costs, enforcement costs and permit materials and mailing. Therefore, it is necessary that City Council first be provided with an RPP Program cost analysis that reflects all costs before making a policy decision on the appropriate level of cost recovery.

### EXHIBIT 1: Costs Included In RPP Analysis: Previous and Current Parking Management

Oakland Parking Management	Labor Costs					Non-labor Costs		
	Managers	Back Office Staff	Traffic Engineering	Enforcement	Benefits	Permit Materials and Mailing	Enforcement Fuel, uniforms, etc.	Overhead
Current Parking Management Analysis for FY 2009-10	No	Yes	No	No	Yes	No	No	Yes
Previous Parking Management Analysis for FY 2008-09	Yes	Yes	Yes	No	No	Yes	No	No
Source: Parking Management								

## EXHIBIT 2: Current Parking Management FY 2009-10 RPP Program Costs

Payroll Component	Amount
Pay Per Hour (top step) for PSR	\$ 26.03
Total Hours (including Leave/Holidays)	1955
Annual Pay	\$ 50,888.65
Fringe/Retirement Benefits (57.43%)	\$ 29,225.35
CSO Contribution (27.52%)	\$ 14,004.56
<b>Cost per position (TOTAL)</b>	<b>\$ 94,118.56</b>
<b>Staffing</b>	
Positions	2
<b>Processing Permits</b>	
Annual Cost (for two Positions)	<b>\$ 188,237.12</b>
Annual Hours	3910
Annual Productive Hours (Assumes 20% Leave/Holiday/etc.)	3090.46
% of Hour for Each Permit (4100 Permits Annually)	0.75
Minutes for Each permit	45
Source: Data provided by Parking Management for FY 2009-10 RPP Cost Analysis	

## EXHIBIT 3: Previous Parking Management's Analysis of RPP Program Cost for FY 2008-09

Description	Amount
<b>Costs/Expenditures</b>	
Costs of Decals, Permit Applications & Paper and Postage	\$18,242.00
5 FTEs assigned 7.5 Hours/Day First Four Months of the Renewal Season to Process RPP	\$81,994.50
4.5 FTEs Assigned Four Hours Daily to Process RPP	\$77,309.10
Admin Cost 4 hours/Day (2.5 Months)	\$9,554.84
Admin Cost (Accountant II, 4.5 hours/Day First Four Months of the Renewal Season to Log, Issue, & Reconcile RPP	\$13,592.88
On Going Admin Cost (Accountant II, 3 Hours Daily)	\$17,800.20
Cost of Traffic Engineering (Personnel Cost)	\$5,607.58
<b>Total Costs</b>	<b>\$224,101.10</b>
Source: September 2008 Agenda Report, Attachment A	

## APPENDIX A

### Office of the City Auditor - City of Oakland Residential Permit Parking Program City Comparison Survey - *Survey Results* September 2009

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#### *Survey Methodology*

As part of the Office of the City Auditor's performance audit of the Residential Permit Parking (RPP) Program in the Parking Department of the Finance and Management Agency, we conducted best practice research on financial analysis of RPP Programs in other jurisdictions. In order to obtain information regarding best practices on RPP programs, we selected a sample of comparable cities to complete our RPP City Comparison Survey. The responses presented in this appendix are taken directly from the results of the survey and are unedited.

The following cities participated in the survey:

	City
1	Berkeley, CA
2	Sacramento, CA
3	San Jose, CA
4	Santa Barbara, CA
5	Los Angeles, CA
6	Chicago, IL
7	Madison, WI
8	San Francisco, CA

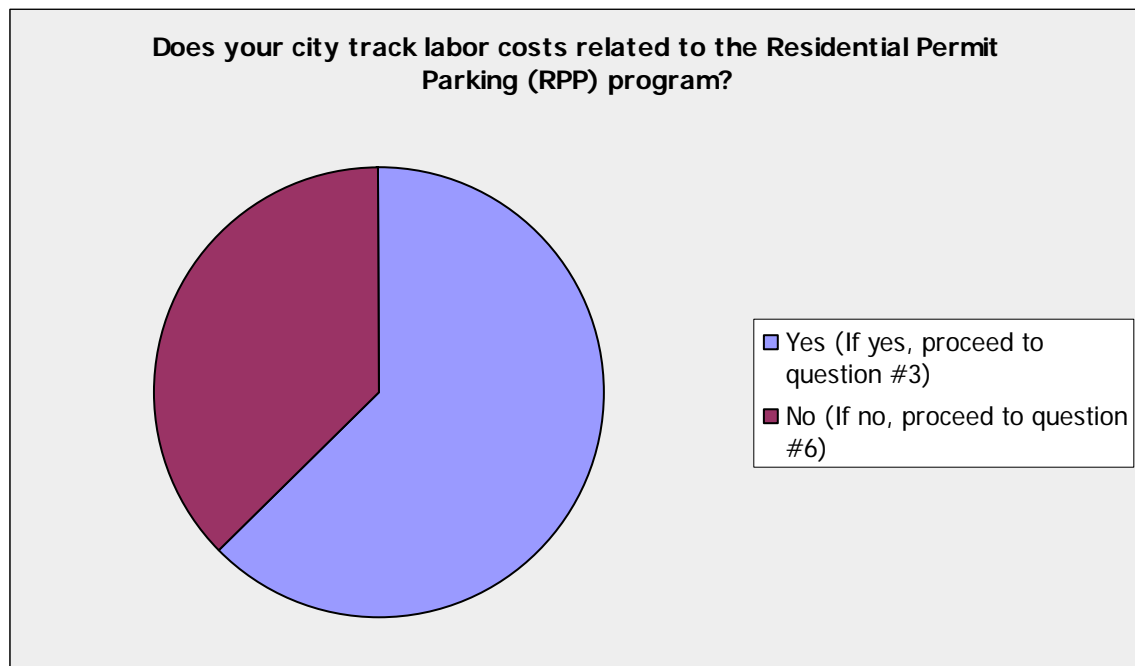
Below are the departments from each City who completed the survey.

#### **Question 1: Contact Information.**

	Department:	City:
1	City Manager	Berkeley
2	Transportation	San Jose
3	DOT Parking	Sacramento
4	Downtown Parking	Santa Barbara
5	Transportation	Los Angeles
6	City Clerk	Chicago
7	Parking Utility	Madison
8	SFMTA Customer Service--Citations & RPP and Municipal Transportation Agency	San Francisco

Although the Parking Director from the City of Oakland did not complete the survey, the current status of the RPP program in Oakland is mentioned in the results based on the knowledge and information the Parking Department provided to the Office of the City Auditor during the course of the RPP Performance Audit.

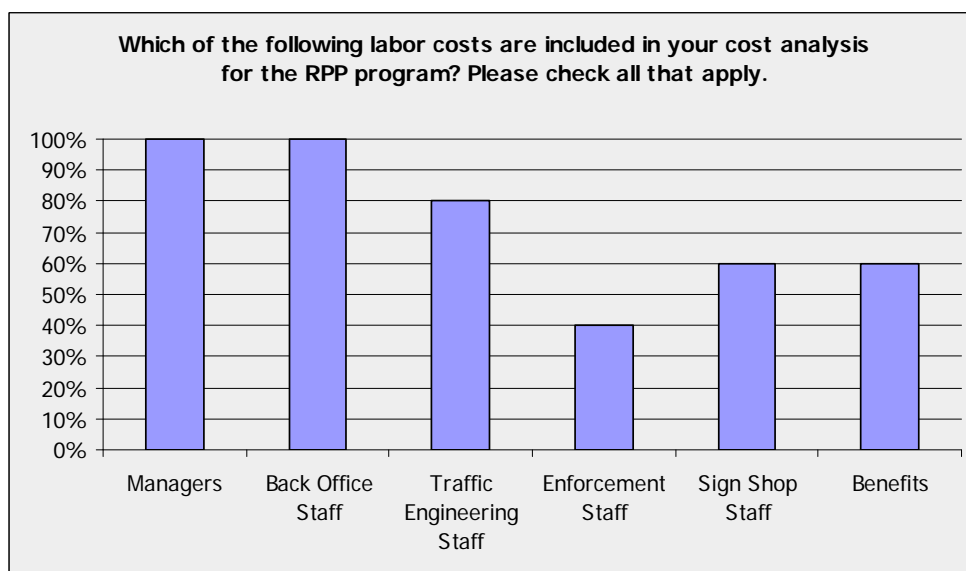
**Question 2: Does your city track labor costs related to the Residential Permit Parking (RPP) program?**



Does your city track labor costs related to the Residential Permit Parking (RPP) program?		
Answer Options	Response Percent	Response Count
Yes (If yes, proceed to question #3)	62.5%	5
No (If no, proceed to question #6)	37.5%	3
<i>answered question</i>		<b>8</b>
<i>skipped question</i>		<b>0</b>

City:	Answer and Comments:
Oakland	Yes
Berkeley	Yes
San Jose	Yes
Sacramento	No
Santa Barbara	No
Los Angeles	Yes
Chicago	No
Madison	Yes
San Francisco	Yes

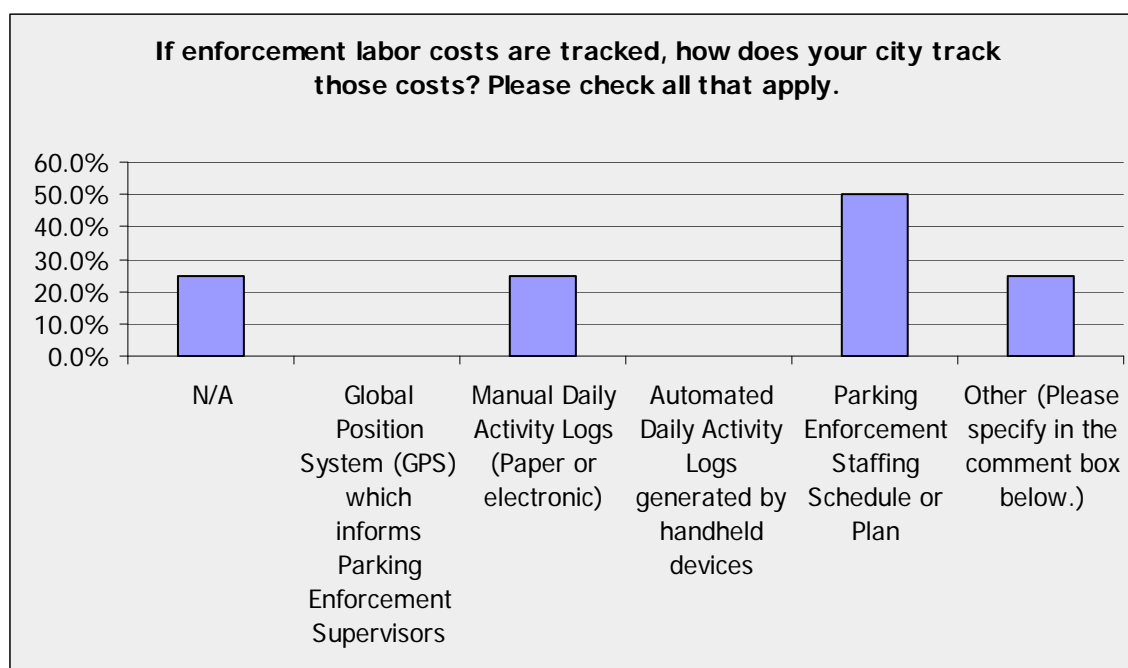
**Question 3: Which of the following labor costs are included in your cost analysis for the RPP program? Please check all that apply.**



Which of the following labor costs are included in your cost analysis for the RPP program? Please check all that apply.		
Answer Options	Response Percent	Response Count
Managers	100.0%	5
Back Office Staff	100.0%	5
Traffic Engineering Staff	80.0%	4
Enforcement Staff	40.0%	2
Sign Shop Staff	60.0%	3
Benefits	60.0%	3
<i>answered question</i>		<b>5</b>
<i>skipped question</i>		<b>3</b>

City	Labor Costs					
	Managers	Back Office Staff	Traffic Engineering	Enforcement	Sign Shop	Benefits
Oakland	Yes	Yes	Yes	No	No	No
San Francisco	Yes	Yes	Yes	Yes	Yes	Yes
Berkeley	Yes	Yes	No	No	No	No
Sacramento	No	No	No	No	No	No
Santa Barbara	No	No	No	No	No	No
San Jose	Yes	Yes	Yes	No	No	Yes
Los Angeles	Yes	Yes	Yes	Yes	Yes	No
Madison	Yes	Yes	Yes	No	Yes	Yes
Chicago	No	No	No	No	No	No
<b>Total "Yes" Answers</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>

**Question 4: If enforcement labor costs are tracked, how does your city track those costs? Please check all that apply.**



If enforcement labor costs are tracked, how does your city track those costs? Please check all that apply.		
Answer Options	Response Percent	Response Count
N/A	25.0%	1
Global Position System (GPS) which informs Parking Enforcement Supervisors of the location of parking vehicles	0.0%	0
Manual Daily Activity Logs (Paper or electronic)	25.0%	1
Automated Daily Activity Logs generated by handheld devices	0.0%	0
Parking Enforcement Staffing Schedule or Plan	50.0%	2
Other (Please specify in the comment box below.)	25.0%	1
<b>answered question</b>		<b>4</b>
<b>skipped question</b>		<b>4</b>
COMMENTS		
Number	Response Date	Response Text
1	Aug 26, 2009 4:03 PM	By tracking assigned Work Order numbers

**City of Oakland's RPP Program**

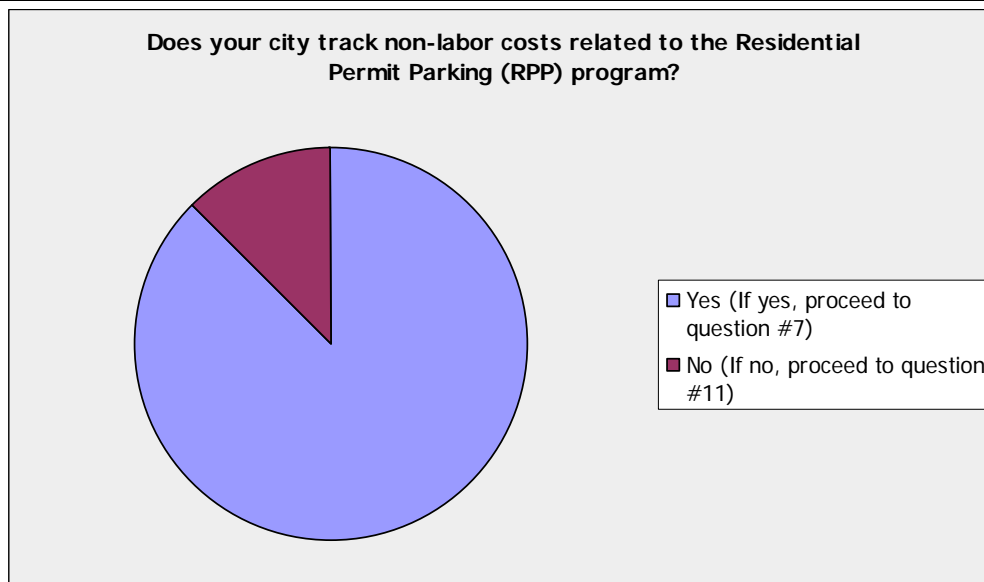
Oakland's Parking department does not track enforcement costs as they relate to the RPP program.

Question 5: Are there other labor costs included in your City's cost analyses that are not listed above? If so, please describe the costs in the comment box below.

Are there other labor costs included in your City's cost analyses that are not listed above? If so, please describe the costs in the comment box below.		
Answer Options		Response Count
		1
<i>answered question</i>		<b>1</b>
<i>skipped question</i>		<b>7</b>
COMMENTS		
Number	Response Date	Response Text
1	Aug 26, 2009 4:03 PM	Cost of equipment and supplies for the engineering staff and management analysts

City of Oakland's RPP Program
No

**Question 6: Does your city track non-labor costs related to the Residential Permit Parking (RPP) program?**

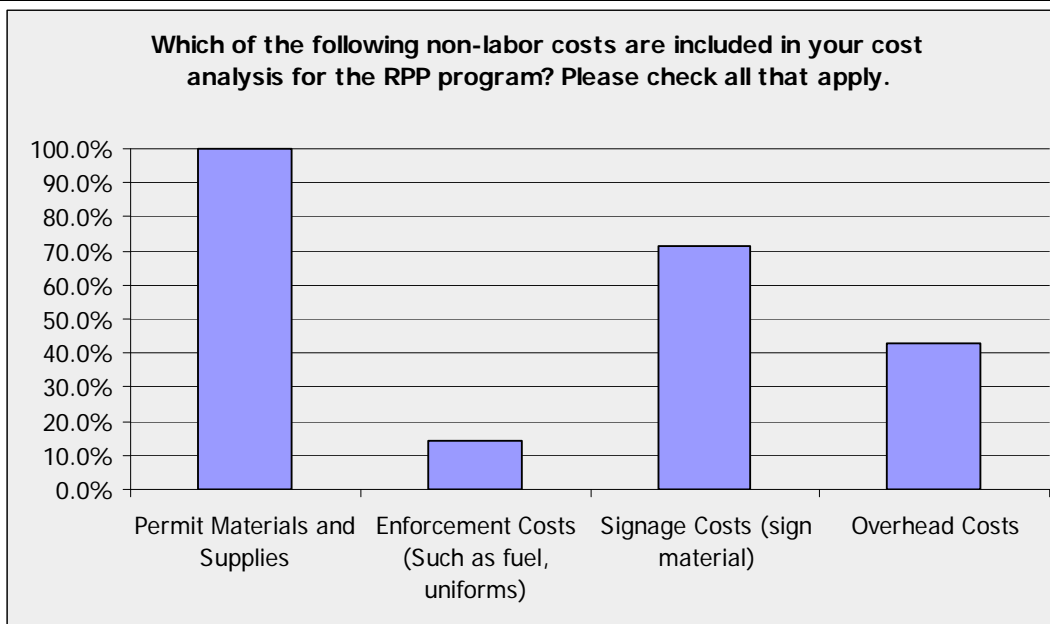


**Does your city track non-labor costs related to the Residential Permit Parking (RPP) program?**

Answer Options	Response Percent	Response Count
Yes (If yes, proceed to question #7)	87.5%	7
No (If no, proceed to question #11)	12.5%	1
<b>answered question</b>		<b>8</b>
<b>skipped question</b>		<b>0</b>

City:	Answer and Comments:
Oakland	Yes
Berkeley	Yes
San Jose	Yes
Sacramento	No
Santa Barbara	Yes
Los Angeles	Yes
Chicago	Yes
Madison	Yes
San Francisco	Yes

**Question 7: Which of the following non-labor costs are included in your cost analysis for the RPP program? Please check all that apply.**



**Which of the following non-labor costs are included in your cost analysis for the RPP program? Please check all that apply.**

Answer Options	Response Percent	Response Count
Permit Materials and Supplies	100.0%	7
Enforcement Costs (Such as fuel, uniforms)	14.3%	1
Signage Costs (sign material)	71.4%	5
Overhead Costs	42.9%	3
<i>answered question</i>		<b>7</b>
<i>skipped question</i>		<b>1</b>

Non Labor Costs				
City	Permit Materials and Mailing	Enforcement	Sign Shop	Overhead
Oakland	Yes	No	No	No
San Francisco	Yes	Yes	Yes	Yes
Berkeley	Yes	No	Yes	No
Sacramento	No	No	No	No
Santa Barbara	Yes	No	No	No
San Jose	Yes	No	Yes	Yes
Los Angeles	Yes	No	Yes	No
Madison	Yes	No	Yes	Yes
Chicago	Yes	No	No	No
<b>Total "Yes" Answers</b>	<b>7</b>	<b>1</b>	<b>5</b>	<b>3</b>

**Question 8: If enforcement non-labor costs are tracked, how does your city track those costs? Please describe the breakdown of how fuel costs or uniform costs, etc. are tracked specifically for RPP.**

If enforcement non-labor costs are tracked, how does your city track those costs? Please describe the breakdown of how fuel costs or uniform costs, etc. are tracked specifically for RPP in the comment box below.		
Answer Options		Response Count
		2
<i>answered question</i>		2
<i>skipped question</i>		6
Number	City	Response Text
1	Los Angeles	N/A
2	San Francisco	Cost recovery based on annual budget

<b>City of Oakland's RPP Program</b>
Oakland's Parking Department does not track enforcement costs as they relate to the RPP program.

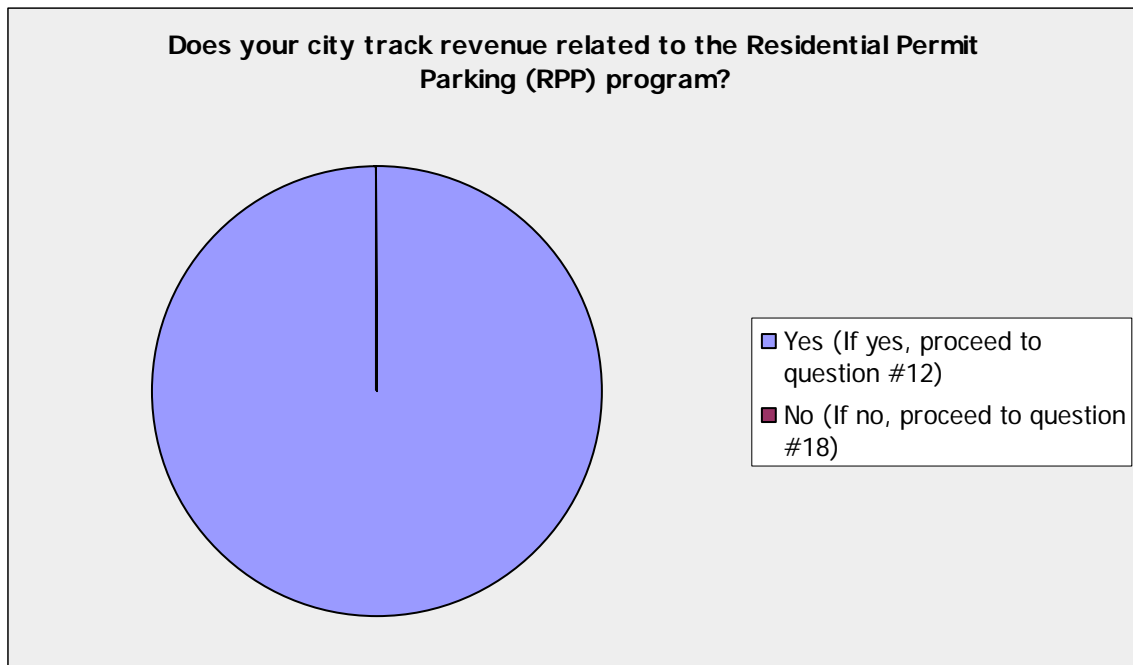
**Question 9: Are there other costs included in your City's cost analyses that are not listed above? If so, please describe the costs.**

Are there other costs included in your City's cost analyses that are not listed above? If so, please describe the costs in the comment box below.		
Answer Options		Response Count
		2
<i>answered question</i>		2
<i>skipped question</i>		6
Number	City	Response Text
1	Los Angeles	Costs of applying for California Coastal Commission permits are separately estimated as part of the annual budget request.
2	Chicago	In the City Clerk's office, we only track material costs (i.e., cost of printing the permit). It would be incredibly difficult for us to track other costs since we work with so many departments on the enforcement, posting of signs, etc.

<b>City of Oakland's RPP Program</b>
No

**Question 10: Does your city track revenue related to the Residential Permit Parking (RPP) program?**

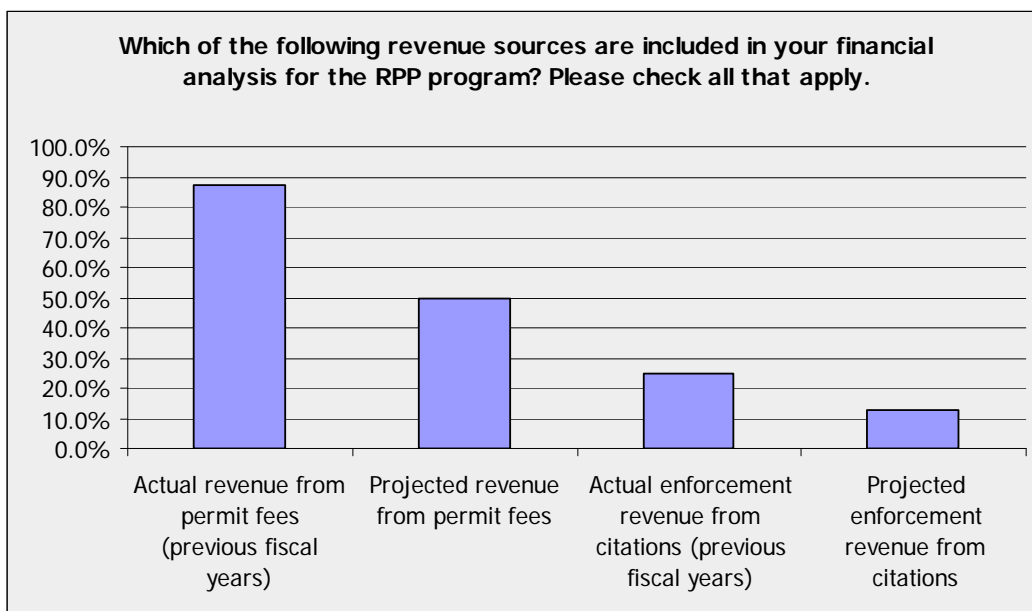
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Does your city track revenue related to the Residential Permit Parking (RPP) program?		
Answer Options	Response Percent	Response Count
Yes (If yes, proceed to question #12)	100.0%	8
No (If no, proceed to question #18)	0.0%	0
<i>answered question</i>		<b>8</b>
<i>skipped question</i>		<b>0</b>

<b>City of Oakland's RPP Program</b>
Yes

**Question 11: Which of the following revenue sources are included in your financial analysis for the RPP program? Please check all that apply.**



**Which of the following revenue sources are included in your financial analysis for the RPP program? Please check all that apply.**

Answer Options	Response Percent	Response Count
Actual revenue from permit fees (previous fiscal years)	87.5%	7
Projected revenue from permit fees	50.0%	4
Actual enforcement revenue from citations (previous fiscal years)	25.0%	2
Projected enforcement revenue from citations	12.5%	1
<b>answered question</b>		<b>8</b>
<b>skipped question</b>		<b>0</b>

**City of Oakland's RPP Program**

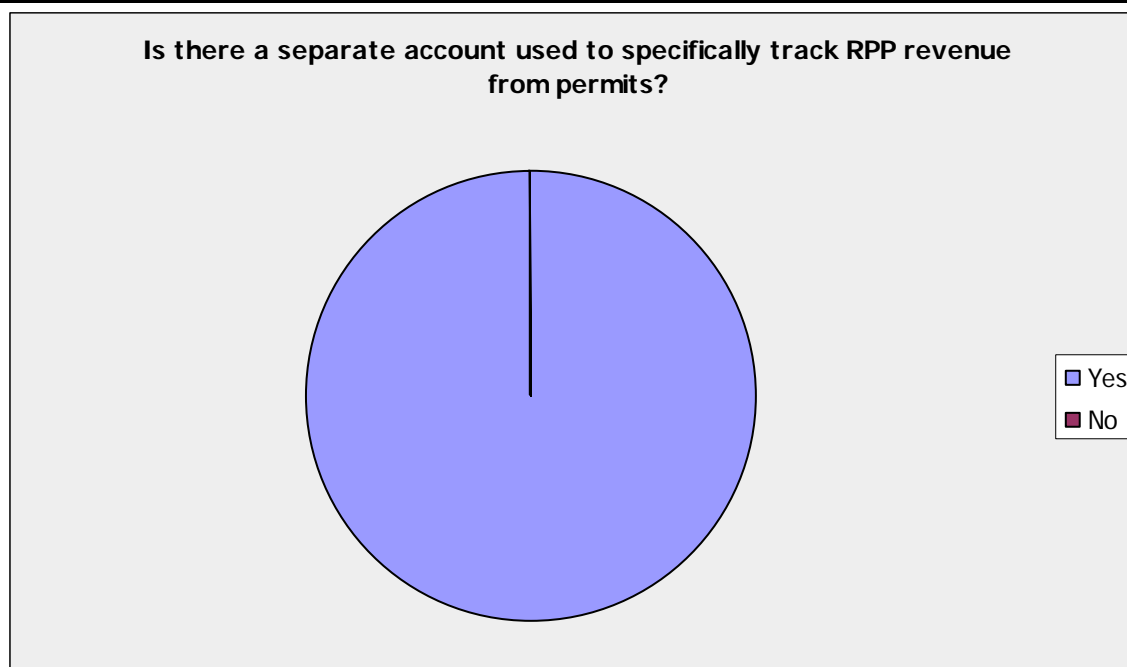
Actual revenue from permit fees (previous fiscal years) and projected revenue from permit fees.

Question 12: Are there any other revenue sources not listed above? If so, please describe them.

Are there any other revenue sources not listed above? If so, please describe them in the comment box below.		
Answer Options		Response Count
		2
<i>answered question</i>		2
<i>skipped question</i>		6
Number	Response Date	Response Text
1	Aug 24, 2009 6:08 PM	Permit replacement fee captured in G/L
2	Aug 26, 2009 4:03 PM	No.

City of Oakland's RPP Program
No

Question 13: Is there a separate account used to specifically track RPP revenue from permits?

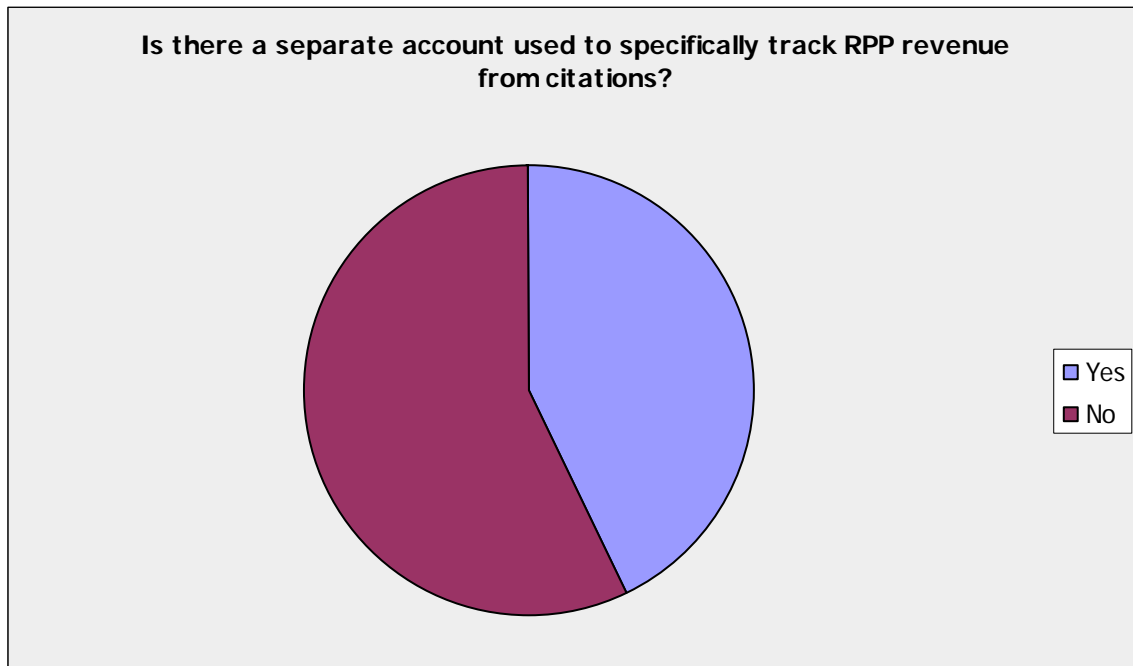


Is there a separate account used to specifically track RPP revenue from permits?		
Answer Options	Response Percent	Response Count
Yes	100.0%	8
No	0.0%	0
<i>answered question</i>		8
<i>skipped question</i>		0

City of Oakland's RPP Program
Yes

**Question 14: Is there a separate account used to specifically track RPP revenue from citations?**

---



Is there a separate account used to specifically track RPP revenue from citations?		
Answer Options	Response Percent	Response Count
Yes	42.9%	3
No	57.1%	4
<i>answered question</i>		<b>7</b>
<i>skipped question</i>		<b>1</b>

<b>City of Oakland's RPP Program</b>
No

**Question 15: If you don't use separate accounts to track revenue, can you describe what your city uses to track revenue related to RPP?**

---

If you don't use separate accounts to track revenue, can you describe what your city uses to track revenue related to RPP in the box below?		
Answer Options		Response Count
		3
<i>answered question</i>		<b>3</b>
<i>skipped question</i>		<b>5</b>
Number	Response Date	Response Text
1	Aug 24, 2009 6:08 PM	Reporting category or class code in G/L accounting stream
2	Aug 26, 2009 4:03 PM	N/A
3	Sep 1, 2009 9:13 PM	Citation revenue is tracked through our Department of Revenue.

City of Oakland's RPP Program
Not applicable

## **APPENDIX B**

### **Resident RPP Survey**

#### *Survey Methodology*

We obtained the RPP resident mailing list from the Parking Revenue Analyst on March 17<sup>th</sup>, 2009. The mailing list included 2,639 addresses, after filtering for duplicates. We randomly sampled 60% of the addresses for each area. The chart below details the sample selection per area and the corresponding response rate.

<b>Permit Area</b>	<b>Sample</b>	<b>Response Rate</b>
A	339	31%
B	106	22%
C	482	43%
D	126	30%
E	34	27%
F	243	23%
G	39	31%
I	28	36%
J	30	27%
K	4	25%
L	8	38%
<b>Total</b>	<b>1439</b>	<b>34%</b>

Each address sampled was mailed a cover letter and survey in three languages: Mandarin, English and Spanish. A link to an online version of the survey was sent out to neighborhood associations via e-mail.

#### *Additional Sample Details*

Area H is no longer a permitted area as of July 2008. Thus, Area H was not included in our sample. Area M is in the Jack London district, which is considered a mixed-use area in that there are many businesses and residencies inhabiting the same space. Area M was not sampled because the fees differ from the residential permit fee. However, Area M residents were still encouraged to provide input on the RPP Program via e-mail. Area A contains both addresses of residents who pay for RPP permits, and addresses of residents who don't pay for RPP permits. The sample was randomized to include both types of permit-holders. All of Area E does not pay for RPP permits. Residents who don't pay for permits have their permits paid for by a third party entity. Third party entities are discussed in the second Residential Permit Parking Audit Report.

#### *Survey Response*

There were 495 mailed-in survey responses before the April 17<sup>th</sup>, 2009 deadline, which is a 34% overall response rate. An additional, 45 residents completed an online survey that was sent to neighborhood associations via e-mail. Many more residents responded after the survey deadline, and had additional comments and letters to the City Auditor.

## **APPENDIX C**

### Resident Survey Cover Letter

Dear Oakland Resident:

As your elected City Auditor, I am conducting a performance audit of the City of Oakland's Residential Permit Parking (RPP) Program. As part of the audit, **I need input from residents like you.**

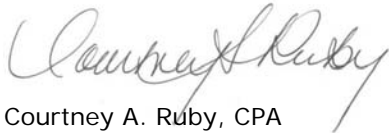
Please fill out the survey and include any comments, concerns, or suggestions at the bottom. *Please enclose it in the self-addressed stamped envelope and place it in the mail no later than April 17, 2009.* The survey is provided in three languages: English, Spanish, and Chinese.

I would like to **thank you in advance for participating** in this survey. Your input is extremely valuable to our audit of the RPP Program.

The results of our audit will be shared with the public and posted on our website for you to read. To receive updates about this and other audits, please sign up for my email update list at [www.oaklandauditor.com](http://www.oaklandauditor.com).

If you have any questions, please feel free to contact my office at [cityauditor@oaklandnet.com](mailto:cityauditor@oaklandnet.com) or (510) 238-3378.

Sincerely,



Courtney A. Ruby, CPA  
City Auditor

## APPENDIX D

### Office of the City Auditor Residential Permit Parking Survey



1. Residential Area \_\_\_\_\_
2. Current Street Address \_\_\_\_\_
3. At Current Address Since (MM/YYYY) \_\_\_\_\_
4. Number of Permits in Household \_\_\_\_\_
5. Number of Vehicles in Household \_\_\_\_\_
6. Permit Type(s) Purchased This Year:

- |   |   |
|---|---|
| <input type="checkbox"/> Annual (new)     | <input type="checkbox"/> Visitor (1 Day)    |
| <input type="checkbox"/> Annual (renewal) | <input type="checkbox"/> Visitor (14 Days)  |
| <input type="checkbox"/> Business         | <input type="checkbox"/> Half-year Annual   |
| <input type="checkbox"/> Replacement      | <input type="checkbox"/> Half-year Business |

7. Please rate the following statements on a scale of 1 to 5, with 1 being "strongly disagree," 2 "somewhat disagree," 3 "no opinion," 4 "somewhat agree," and 5 "strongly agree."

1. Overall, I am satisfied with the Residential Permit Parking (RPP) Program.	1	2	3	4	5
2. It is relatively easy and straightforward to obtain a parking permit in Oakland.	1	2	3	4	5
3. Current parking permit fees place a financial burden on my family.	1	2	3	4	5
4. I would rather pick up my permit at the Parking Citation and Assistance Center than rely on receiving it in the mail.	1	2	3	4	5
5. I usually receive my renewal application in a timely manner.	1	2	3	4	5
6. I usually receive my parking permit in a timely manner.	1	2	3	4	5
7. The RPP Program improves availability of parking to residents in my neighborhood.	1	2	3	4	5

8. Overall, the parking permit process has been a convenient way for me to renew my permit.	1	2	3	4	5
9. Increased parking permit fees would place a significant financial burden on my family.	1	2	3	4	5
10. The parking limits for nonresidents are adequately enforced in my area.	1	2	3	4	5
11. I frequently park my car inside my garage or on my driveway.	1	2	3	4	5
12. The RPP Program discourages nonresidents from parking in my neighborhood for long periods of time.	1	2	3	4	5
13. I think \$40 is a reasonable amount to pay for an annual parking permit.	1	2	3	4	5
14. I think \$60 is a reasonable amount to pay for an annual parking permit.	1	2	3	4	5
15. I think \$80 is a reasonable amount to pay for an annual parking permit.	1	2	3	4	5

8. Please use the space below to voice any comments, concerns, or suggestions you may have about the City of Oakland's Residential Permit Parking Program.

## APPENDIX E

### Survey Results

The survey results described in Appendix E are not the full survey results and are not in the order they are listed on the survey. The results shown here are from the survey questions related to the RPP Program permit fees. Refer the third RPP Audit report for the survey results regarding RPP Program operations. If you would like to quickly refer to an answer to a particular question, use the chart below.

#### EXHIBIT 1<sup>10</sup>

Survey Question	Exhibit No.
3- Financial Burden	6-8
9- Financial Burden	6-8
13- Fee	2-5
14- Fee	2-5
15- Fee	2-5
Comments from Survey	Page 65

#### Willingness to Pay

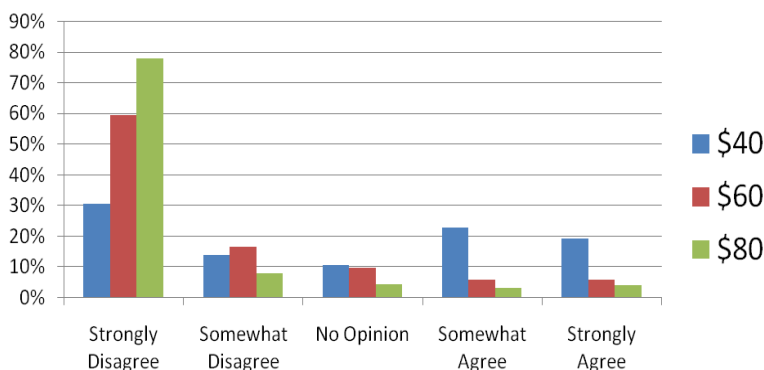
A key aspect of the RPP Program that was surveyed included measuring residents' willingness to pay for residential parking permits. Questions 13-15 on the survey consist of the following questions:

- Q13. "I think \$40 is a reasonable amount to pay for a residential parking permit."
- Q14. "I think \$60 is a reasonable amount to pay for a residential parking permit."
- Q15. "I think \$80 is a reasonable amount to pay for a residential parking permit."

The graph below illustrates the differences among Oakland residents' willingness to pay each level of permit fee.

#### EXHIBIT 2

##### Willingness to Pay

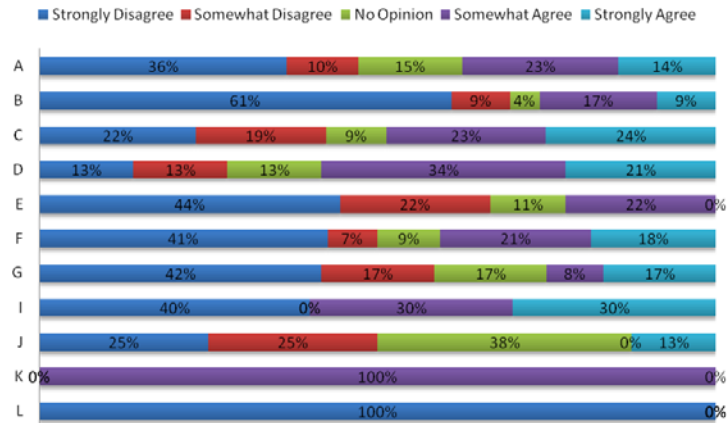


Survey results illustrate that Oakland residents are generally willing to pay about \$40 for an annual parking permit, but the percentage of respondents who "strongly disagree" nearly doubles with a proposed fee of \$60, and significantly increases further with a proposed fee of \$80.

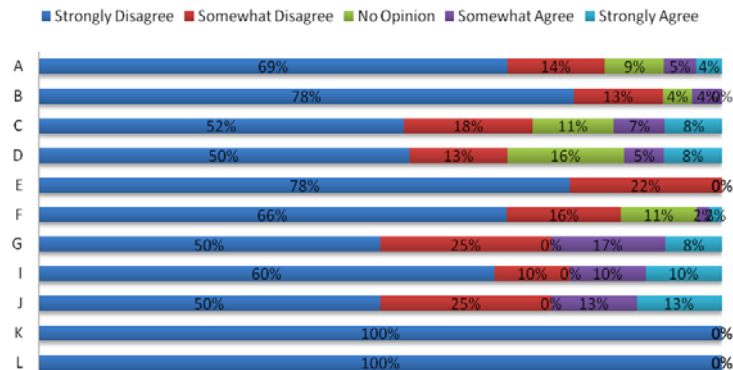
<sup>10</sup> As noted above, Appendix E only includes survey results relevant to RPP Program permit fees. Questions 1, 2, 4, 5, 6, 7, 8, 10, 11 and 12 are related to RPP Program operations. Please refer to the first RPP Audit Report for an analysis on the RPP Program fee.

The following graphs illustrate differences in responses by permit area.

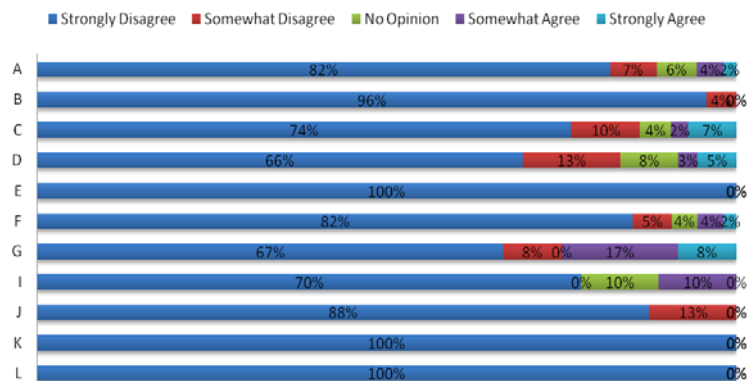
### EXHIBIT 3 Willingness to Pay \$40



### EXHIBIT 4 Willingness to Pay \$60



### EXHIBIT 5 Willingness to Pay \$80



The results of the online survey generally follow the results of the mailed survey.<sup>11</sup> The majority of respondents:

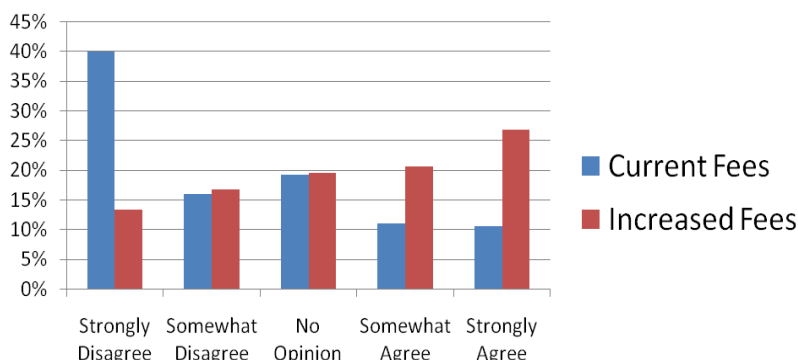
- (1) Somewhat agree that \$40 is a reasonable amount to pay for a parking permit.
- (2) Strongly disagree that \$60 is reasonable, and strongly disagree that \$80 is reasonable.

Additionally, we inquired of the residents about whether or not current fees and proposed increases in fees would place a financial burden on their households.

- Q3. "Current permit rates place a significant financial burden on my family."
- Q9. "Increased permit rates would place a significant financial burden on my family."

#### EXHIBIT 6

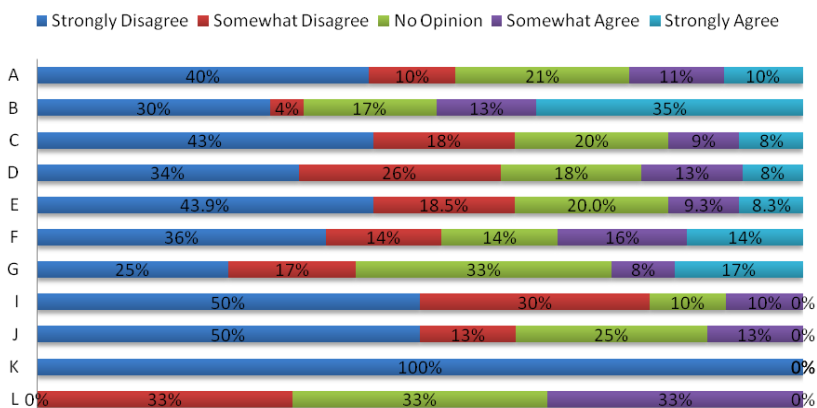
### Potential Financial Burden



The graph clearly illustrates that while current fees do not seem to place a financial burden on Oakland residents, increased fees may do so.

#### EXHIBIT 7

### Financial Burden - Current Fees

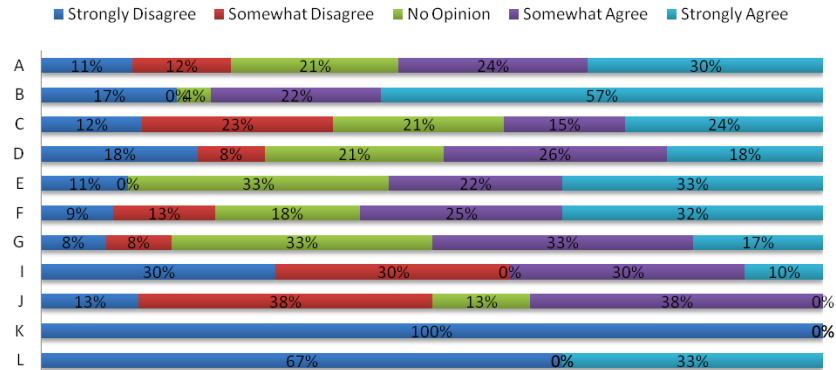


There is general consistency among permit areas in regard to the financial burden of current fees. In regard to increased fees, as shown in Exhibit 8, the percentage of residents who strongly agree with the statement is greatest in Area B, West Oakland. One factor to consider when examining this result is that Area B permits were free to residents until July 2008.

<sup>11</sup> For more detailed online survey results, see Appendix F.

## EXHIBIT 8

### Potential Financial Burden Increased Fees



#### Resident Survey Comments

Residents were asked to voice any comments, concerns or suggestions they have about the RPP Program. Approximately 62% took the opportunity to provide such comments. Below are the comments regarding the RPP Program fee.

#### *Willingness to Pay Permit Fees*

Residents are generally willing to pay \$40 for an annual parking permit, but a large percentage are not willing to pay more than that amount. Some explicitly state they would be willing to pay higher fees if commensurate service is provided. Conversely, some residents state opposition to the idea of paying for residential parking at all.