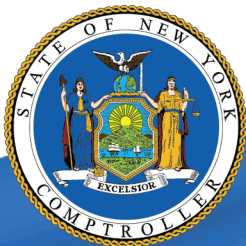


Nyack Parking Authority

Parking Ticket Operations

NOVEMBER 2020



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Nyack Parking Authority

Audit Objective

Determine whether the Village of Nyack Parking Authority's (Authority) Board of Trustees (Board) and Authority officials effectively pursued and maximized the collection of all parking violation tickets issued.

Key Findings

The Board and Authority officials did not effectively pursue and maximize the collection of parking violation tickets.

The Board and Authority officials did not:

- Provide oversight and were unaware of inconsistencies in penalty assessment, delinquent notices and collections.
- Establish a benchmark collection rate.
 - If the industry standard collection rate of 85 percent was achieved, over the five-year period, the Authority would have collected additional revenue totaling \$572,609.
- Review the number or the amount of outstanding tickets or consider alternatives to increase collections.

Key Recommendations

- Adopt policies and procedures on penalty assessment, delinquent notices and collections and oversee and monitor parking ticket operations and enforce fines.
- Establish a benchmark collection rate and review aging reports for outstanding tickets.
- To increase collections, consider license plate readers, instituting civil action or amnesty programs and increasing penalty amounts.

Authority officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Authority manages, improves and leases property to provide public parking in the Village of Nyack (Village).

The Authority was created pursuant to Public Authorities Law Article 7, Title 22. The Board, which is composed of an elected Mayor and four Trustees, also serves as the Authority's Board. The Board is responsible for establishing policies and clear guidance for the parking ticket operations.

Quick Facts

Fiscal Year 2018-19

Authority Budget	\$1,284,025
Tickets Issued	\$519,985
Tickets Collected	\$430,563

Outstanding Parking Tickets As of July 2019

Tickets	19,433
Uncollected Fines	\$545,840

Audit Period

June 1, 2018 – July 31, 2019. We extended our audit period back to the 2014-15 fiscal year for trend analysis.

Parking Ticket Operations

Throughout New York State, especially in cities and some of the larger villages, parking can be limited. To help provide parking, the Authority was created to manage, improve and lease property to provide parking. As part of the enforcement of parking regulations, a considerable number of parking violation tickets are issued.

Fines and penalties for parking violations vary depending on the infraction and the timeliness of payment and can result in the collection of significant revenue. Any individual who receives a parking ticket may settle the ticket by paying the amount on or before the court date or appear in court to contest the ticket. The Village Justice adjudicates any contested tickets that come before the Village court.

The Authority's parking violation tickets are issued by a parking enforcement aide (PEA), who prints tickets from a handheld device. Besides the violation information, included on the printed ticket are the dates when the fines will be assessed, the amounts to be assessed and the court date. The Board contracted with a vendor in April 2014 to maintain the parking ticket database, apply penalties, send out delinquent letters, collect mailed and online payments, provide an automated system for phone payments and provide customer service. The Authority uses a collection agency to enforce tickets not paid after 120 days.

How Should Authority Officials Oversee and Monitor Parking Ticket Operations and Enforce Fines?

The Board is responsible for adopting written policies and procedures to govern the processing and enforcement of parking violation tickets. Written policies and procedures also provide guidance for individuals who issue and dispose of parking violation tickets. Failure to respond to parking violation tickets timely results in enforcement procedures, such as, assessing penalties, sending out collection letters, or towing or booting vehicles. The Board should monitor established policies and procedures to ensure compliance, and periodically review and update them as necessary. The Board should also monitor the vendor's activities and ensure they comply with the established policies and procedures.

The Board provided business rules to the contract vendor that state:

- The first penalty is assessed one day after the court date.
- The second penalty is assessed 10 days after the court date.
- The first late notice is sent 11 days after the court date.
- The second late notice is sent 31 days after the court date.
- Unpaid tickets after 120 days after the court date are sent for collections.
- Collection letters are sent once the ticket has been turned over to the collection company.

Because the Authority will not collect a fine for every parking ticket issued, a benchmark collection rate can be used to periodically assess whether the parking fine management system and collection practices are effective. According to parking management consultants (industry standard),¹ an effective parking system should collect, on average, 85 percent of parking tickets issued, excluding tickets that are dismissed and voided. The Board should provide guidelines on how to monitor collections and enforce the collection of outstanding parking violation tickets. If ticket collections are not meeting the established benchmark rate, Authority officials can explore ways to enforce collection and consider enhanced and/or alternative measures that may increase collections.

The Board Did Not Provide Oversight or Monitor Parking Ticket Operations

The Board did not adopt policies and procedures for the parking ticket operations, besides the business rules provided to the contract vendor. Also, the Board did not monitor the business rules or periodically review and update them as necessary or monitor or oversee any of the vendor's activities or ensure they complied with the business rules. As a result, officials were unaware of inconsistencies in penalty assessment, delinquent notices and collections impacting the cost incurred and revenue the Authority would have earned.

Penalty Assessment – When a PEA issues a ticket, the court date printed on the ticket is set to be the first Thursday that falls 14 days after the issue date. As a result, the court date could be anywhere between 14 and 20 days from the issue date. The business rules state that the first penalty is assessed one day after the court date and the second penalty is assessed 10 days after the court date. However, the issued tickets gave the dates of the first and second penalty assessments as 14 and 28 days, respectively, from the issue date. As a result, the court date used to assess penalties was not consistent.

For our audit period, there were 21,918 parking violation tickets issued, of those 8,405 were not paid prior to the court date and therefore a penalty was assessed. However, 83 tickets were assessed penalties prior to the court date. For example, we found 66 tickets with zero days between the issue and court dates. For example, a ticket issued for a meter violation had a court date on the same day the ticket was issued; the \$15 violation was assessed a \$5 penalty the next day. The person issued the ticket paid the \$15 violation and the \$5 penalty within a couple days of issuance.

1 Parking Violations Enforcement 2003- MS-3 OSC report

In addition, we found the 65 remaining tickets were assessed the second penalty 10 days after the court date, which followed the business rules, but the Authority's ticket said a second penalty is assessed after 28 days. In contrast, 2,177 tickets were given additional time (22 to 173 days) prior to the assessment of penalties. As a result of the inconsistencies of penalty assessments, 164 parking violation tickets were overpaid by a total of \$3,630.20, of which six, although paid, still remained open in the system. Conversely, we found 54 tickets were undercharged by \$900.50, of which 49 were closed.

Authority officials stated that the reason for the inconsistency is that the vendor is not able to synchronize the court date in the system to the first Thursday that falls 14 days after the issue date, which resulted in the date variations in the assessment of penalties. However, without clear and specific guidelines and proper system configurations, assessment of the penalties will continue to be over or under charged. The Authority's officials should ensure the vendor assesses penalties consistently and in accordance with the established penalty dates.

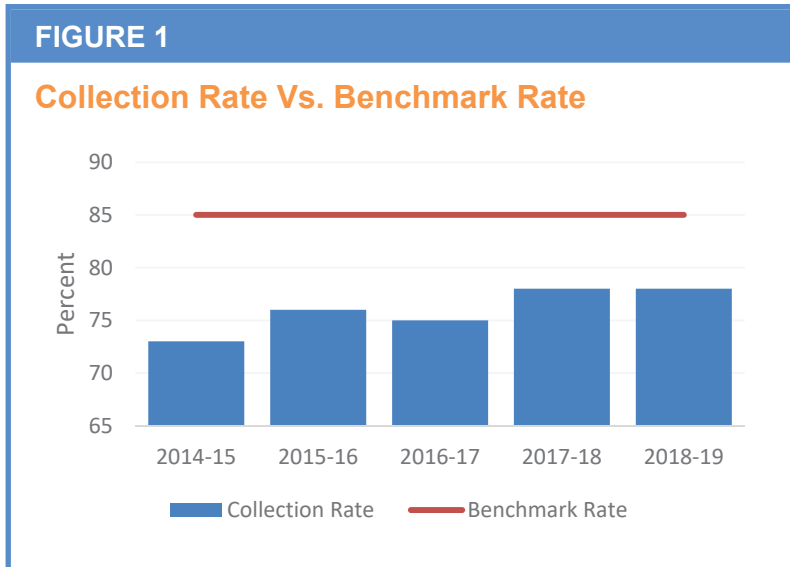
Delinquent Notices and Collections – The business rules state that the first late notice is sent 11 days after the court date, the second late notice is sent 31 days after the court date and unpaid tickets are sent to collections 120 days after the court date. The vendor is responsible for sending delinquent notices to violators who have failed to respond to parking tickets. For tickets still remaining open as of July 31, 2019, 2,398 tickets did not have first delinquent notices sent out until from 18 to 99 days after the court date and 2,395 of the 2,398 tickets reviewed had second notices sent out six days after the first notice. Further, 131 of the 2,398 tickets reviewed that should have been sent to collections were not.

The failure to send delinquent notices in a timely manner and send unpaid parking tickets to collections resulted in the loss of revenue. Collection becomes less likely the longer a ticket remains outstanding, and older tickets may become uncollectible due to individuals who have moved or changed plates.

Authority Officials Did Not Establish a Benchmark Collection Rate

The Authority did not establish a benchmark collection rate to determine whether its parking violation collection practices were effective.

To determine if the Authority met the 85 percent benchmark rate established by parking management consultants, we calculated the Authority's collection results for fiscal years 2014-15 through 2018-19. Although the collection rate increased by 5 percent from fiscal year 2014-15 through fiscal year 2018-19, it was consistently well below the industry standard in each of the last five fiscal years ranging from 73 percent to 78 percent (Figure 1).



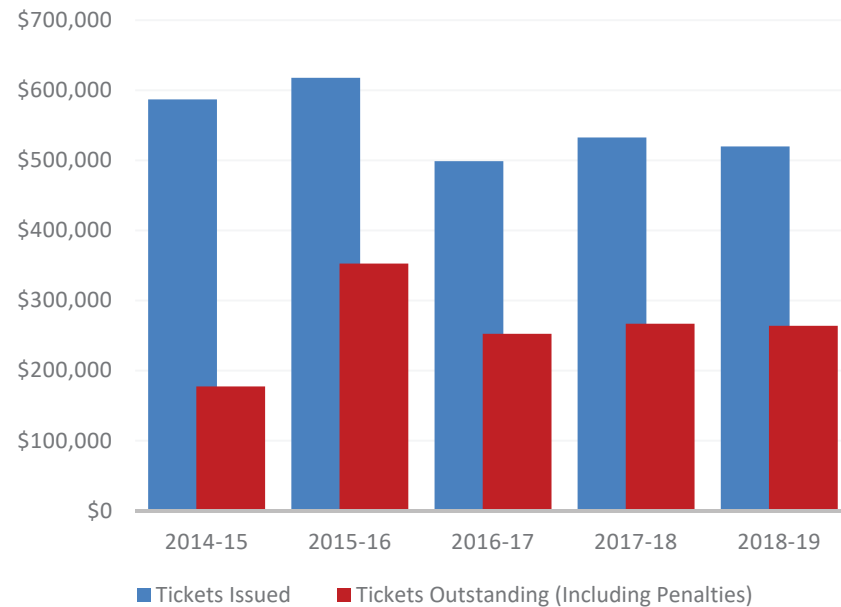
Further, the Board did not provide guidelines on how to monitor or enforce the collection of outstanding parking violation tickets. This could include Authority officials requesting and reviewing aging reports for outstanding tickets showing the number and amount. As a result, the Authority is owed a significant amount in fines and fees year after year.

Our analysis showed that during the last five completed fiscal years, the total amount of outstanding tickets, including penalties, represents 48 percent of the total amount of tickets issued. Each year the amount of issued tickets that were outstanding, including penalties, ranged from \$177,278 to \$352,689 or 30 percent to 57 percent during the five-year period. For example, in fiscal year 2018-19, the Authority issued tickets totaling \$519,985 with \$263,801² (or 51 percent) of the tickets remained outstanding as of May 31, 2019 (Figure 2).

² Late fees and penalty assessments are included in this amount.

FIGURE 2

Tickets Issued Vs. Tickets Outstanding



The lack of an established benchmark collection rate and guidelines on how to monitor or enforce the collection of outstanding parking violation tickets adversely impacted collection efforts. As shown in Figure 3, if the Authority had achieved the average industry collection benchmark rate of 85 percent, it would have earned an additional \$572,609 in additional revenue over the five-year period.

Figure 3: Additional Revenue

Fiscal Year	Additional Amount
2014-15	\$141,799
2015-16	\$130,485
2016-17	\$109,224
2017-18	\$98,219
2018-19	\$92,882
Total	\$572,609

Authority Officials Have Not Implemented Revenue Enhancement Opportunities

We identified a number of procedures and improvement opportunities that Authority officials can implement as part of their efforts to increase the collection of unpaid fines and penalties.

License Plate Readers – The use of license plate readers (LPRs) in municipalities is on the rise. LPRs are box-like cameras mounted on either side of a vehicle and are linked to a laptop computer mounted inside. The cameras quickly scan cars on either side of the vehicle – whether they are moving or parked – and feed the images into the computer. The computer checks the plate numbers against the New York State Department of Motor Vehicle database to determine whether the car has parking violations. LPR units could also be used to identify vehicles with significant parking violations (scofflaw vehicles), which could help enhance enforcement and collection efforts.

Civil Action – Some municipalities have given traffic violation bureaus the authority to undertake civil action (i.e., place a default judgment against the violator) to enforce unpaid parking tickets. Authority officials should assess their specific circumstances and determine if civil actions could effectively increase the collection of unpaid fines and penalties. The cost to pursue civil action should be weighed against its potential benefit.

Amnesty Programs – Implementation of an amnesty period in which unpaid fines could be paid without penalty, or some derivative such as one-half of the late fees being waived, is another option to increase collection. Authority officials should consider whether anticipated collections would justify the forfeiture of any penalties or other fees. The Authority had 19,433 unpaid parking tickets with fines totaling \$545,840 not including late fees as of July 31, 2019.

Penalty Amounts – The Authority last increased parking ticket fine amounts and penalties for late payments in 2014. Authority officials should periodically examine the established fine amounts and amend them as necessary. Penalties should be set high enough so that violators find it more cost effective to pay on time.

What Do We Recommend?

The Board should:

1. Develop and adopt written policies and procedures to govern the processing and enforcement of parking violation tickets, including:
 - Penalty assessment.
 - Delinquent notices and collections.

-
2. Oversee and monitor established policies to ensure compliance, and periodically review and update them as necessary.
 3. Provide guidelines on how to monitor or enforce the collection of outstanding parking violation tickets.

Authority officials should:

4. Oversee and monitor the vendor's activities and ensure they comply with policies and procedures.
5. Establish a benchmark collection rate to periodically assess whether collection practices are effective. This could include requesting and reviewing aging reports for outstanding tickets.
6. Consider enhanced and/or alternative measures that may increase the collection of fines and penalties. These measures could include using license plate readers, instituting civil action or amnesty programs and increasing penalty amounts.

Appendix A: Response From Authority Officials

Village

Of

Nyack

Incorporated February 27, 1883

*9 North Broadway
Nyack New York 10960-2697
p. 845-358-0548
f. 845-358-1480
www.nyack-ny.gov*

Mayor

Donald Hammond

Trustees

Elijah Reichlin-Melnick

Louise Parker

Marie Lorenzini

Donna Lightfoot Cooper

Village Administrator

James C. Politi

Village Clerk/Treasurer

Jennifer Hetling

Village Attorney

Walter R. Sevastian

September 25, 2020

Office of the State Comptroller
110 State St., 12th Floor
Albany, NY 12236

This letter is the official response of the Village of Nyack Parking Authority in regards to the report of examination of the parking ticket operations. This report has been reviewed by the Board of Trustees as well as applicable members of the staff. The Board agrees with the findings in the report. This letter will serve as our official response and correction action plan.

OSC Finding 1. Develop and adopt written policies and procedures to govern the processing and enforcement of parking violation tickets including penalty assessment and delinquent notices and collections.

Nyack Parking Authority Corrective Action Plan

The Nyack Parking Authority Board agrees that we do not have written policies and procedures in place for processing and enforcing parking violation tickets but do have business rules with the outside vendor should be following. These business rules will be reviewed by the Board with input from the parking consultant and staff to determine if they are still relevant. Policies and procedures will also be developed and implemented to guide internal staff in parking regulations as necessary to ensure that the NPA has guidance to follow in day to day operations. The Board will review current rules and develop policies and procedures with the expectation that this will be done and completed during the first quarter of 2021.

The majority of the business rules in place including, but not limited to, penalty assessments, late notices and collection letters are handled by the contracted vendor.

The Nyack Parking Authority has already implemented a plan of action where the contracted vendor has been notified of that errors have been found in how they are implementing the business rules.

OSC Finding 2. Oversee and monitor established policies to ensure compliance, and periodically review and update them as necessary.

Nyack Parking Authority Corrective Action Plan

The Nyack Parking Authority Board has hired an outside parking consultant to review and update the business rules as necessary and to develop policies and procedures for the Authority. Once completed the consultant will implement the policies and procedures and monitor to ensure they are being followed. Once we can be assured that the policies and procedures are in place and working the consultant will turn over the duties of monitoring and updating on a regular basis to Village parking staff. In addition, the Parking Authority Board will monitor compliance on a quarterly basis.

OSC Finding 3. Provide guidelines on how to monitor or enforce the collection of outstanding parking violation tickets.

Nyack Parking Authority Corrective Action Plan

The Nyack Parking Authority does have guidelines for enforcing the collection of outstanding parking ticket violations including sending out delinquent notices and referring past due tickets to a collection agency however, we agree that we have not been monitoring this closely. The Authority has been in contact with the vendor regarding this issue and is working with them to ensure this issue is resolved in a timely manner. The NPA plans to have a parking consultant monitor the operations of the vendor and report to the Parking Authority Board on a quarterly basis to ensure that they are complying with the business rules and to make any changes when necessary.

OSC Finding 4. Oversee and monitor the vendor's activity and ensure they comply with the policies and procedures.

Nyack Parking Authority Corrective Action Plan

The Authority personnel along with a hired outside consultant will closely monitor the contracted vendor to ensure that they are following the policies and procedures we have set. The outside consultant will report back to the Parking Authority Board on a quarterly basis. The Authority is also actively researching alternate contracted vendors in the event that the current vendor does not make changes to implement the guidelines set forth by the Authority. The Authority Board, with the recommendation of the parking consultant, will come to a decision on whether to continue with the current vendor or change vendors based on performance over the next 7 months and determine if a change is necessary by the end of the fiscal year.

OSC Finding 5. Establish a benchmark collection rate to periodically assess whether collection practices are effective.

Nyack Parking Authority Corrective Action Plan

The Authority has not set a benchmark collection rate in the past but understands that this is a valuable tool to determine if collection practices are effective and efficient. The Board plans to formally adopt a benchmark of 85% in the next 6 months as established by parking management consultants as the industry standard. The NPA Board believes that merely adopting a policy is not enough and plans to implement a comprehensive plan to restructure the department to ensure that not only a policy is adopted but that it can be obtained. Once this is done the parking consultant can monitor the levels on a monthly basis and report to the Board quarterly. If collections rates fall below the benchmark, they will be analyzed for explanations and adjustments will be made in a timely fashion.

OSC Finding 6. Consider enhanced and/or alternate measures that may increase the collection of fines and penalties.

Nyack Parking Authority Corrective Action Plan

Under the advice of the parking consultant currently under contract with the Nyack Parking Authority, we have been looking into purchasing and installing a license plate reader. We understand that it has the potential to enhance enforcement and collections significantly. We hope to have this piece of equipment installed by the end of the fiscal year.

In addition, The Nyack Parking Authority is currently looking into executing an amnesty program which is a common practice in neighboring municipalities. We are researching options along with success rates and plan to implement a program during the first quarter of 2021. The NPA Board agrees that fines on parking violations have not been increased since 2014 and should be reviewed periodically. The Board plans to review the current rate schedule in December/January to determine if an increase is necessary and reasonable. The review will take place annually at the same time of the year.

The Nyack Parking Authority Board would like to thank the NYS Office of the State Comptroller for their thorough audit. We are appreciative of the work performed and professional manner in which it was done. The subsequent report has given us many great recommendations and will be very useful in making changes to improve our operations.

Respectfully,

Donald Hammond

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Authority and Village officials (including the Board), and reviewed policies and the Village code to gain an understanding of the Authority's operations, parking ticket enforcement practices and procedures and assessed whether they were operating effectively.
- The data files provided by the vendor were consolidated and formatted for testing. We analyzed the data in Arbutus to identify the number of citations written by PEAs (by summarizing on the 'Officer ID' field), as well as the fine amount values of each of those citations (by accumulating on the 'Total Fines' field). The data was then exported to Excel and the pivot chart function was used to table and graph the results.
- We filtered the records to include only citation numbers that had payment dates during the audit period. We applied the vendor provided fee and late penalty criteria to the identified citations and compared it to the actual amounts charged by the Authority.
- The data files provided by the vendor were consolidated and formatted for testing to determine if delinquent notices were sent timely. We removed duplicates, filtered citation date by date June 1, 2018 through July 31, 2019, filtered for unpaid tickets (still open as of July 31, 2019), and added the tickets under the column court date (one day prior to the "Late_Fee_1_Set_Date. We then compared the court date and the "Late_Notice_1_Status_Date.
- To determine the number of tickets that should have gone to collections, we filtered open unpaid tickets, from the court date and added 120 days – as per the business rules.
- To determine the amount and the number of tickets outstanding at each fiscal year end, we obtained the data set, removed duplicates, sorted by status date, then filtered for paid, dismissed, void, and other for each fiscal year from June 1, 2014 through May 31, 2019.
- To determine the fine amounts forgiven, we filtered and then summed dismissed and waived amounts.
- We compared the Authority's collection rate to the 85 percent benchmark and compared revenue received to fines and fees outstanding. In addition, we estimated additional revenue if the Authority had achieved the 85 percent benchmark collection rate.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Good management practices dictate that the Authority Board has the responsibility to initiate corrective action. As such, the Board should prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

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Local Government and School Accountability Help Line: (866) 321-8503

NEWBURGH REGIONAL OFFICE – Lisa A. Reynolds, Chief Examiner

33 Airport Center Drive, Suite 103 • New Windsor, New York 12553-4725

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