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December 2017

Mr. Kevin O'Connor,
Chairman of the Board
Albany Parking Authority
655 Broadway
Albany, NY 12207

Report Number: S9-17-6

Dear Chairman O'Connor and Members of the Board:

A top priority of the Office of the State Comptroller is to help authority officials manage their resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard assets.

In accordance with these goals, we conducted an audit of six units (one authority and five cities) throughout New York State. The objective of our audit was to determine whether municipal parking structures are regularly inspected to identify repair needs and whether municipalities are ensuring repair needs are made to ensure public safety. We included the Albany Parking Authority (Authority) in this audit. Within the scope of this audit, we examined the Authority's process for evaluating, monitoring and repairing parking structures for the period January 1, 2015 through August 18, 2016. This audit was conducted 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.

This report of examination letter contains our findings specific to the Authority. We discussed the results of our audit with Authority officials and considered their comments, which are included in Appendix A, in preparing this report. Authority officials agreed with our report. At the completion of our audit of the six entities, we prepared a global report that summarizes the significant issues we identified at all of the entities audited.

Summary of Findings

The Authority regularly contracts with an engineering firm to perform annual structural condition inspections, draft the bidding documents, oversee repairs to ensure they are completed satisfactorily and issue a report that there are no outstanding repairs. This annual inspection is a requirement in the Authority's bond indenture agreement.¹ The most recent inspection from November 2015 indicated no urgent or immediate repairs were necessary.

In addition, the Authority contracted for inspections of its four operating parking structure elevators. All four were found to have passed inspection.

Lastly, while the Authority does not have a current capital project plan, it reserves \$150,000 annually for costs of capital additions and emergency repairs as required by the bond indenture agreement.

Background and Methodology

The Authority is located in the City of Albany (City) in Albany County. The Authority was established in 1983 by the Albany Parking Authority Act enacted by the New York State Legislature pursuant to Chapter 874 of the Laws of 1982. The purpose of the Authority is to construct, operate and maintain locations in the City for the parking and storing of motor vehicles. The Authority is governed by a Board (Board), which is composed of a chairman and four members appointed by the Mayor of the City, with the advice and consent of the City Common Council. The Board is the legislative body responsible for the general management and control of the Authority's financial affairs. The Board appoints an Executive Director who is the Authority's chief executive officer and is responsible, along with other administrative staff, for the Authority's day-to-day management. The Authority's 2016 budget totaled \$7.5 million.

The Authority owns and operates three parking structures with approximately 2,590 spaces (Figure 1). Parking structure revenues totaled \$3.5 million in 2016.

Figure 1: Parking Structures		
Name	Spaces	Year Built
Green-Hudson Garage	854	1986
Quackenbush Garage	890	2000
Riverfront Garage	850	1984

Parking structures are exposed directly to weather and other environmental conditions, such as extreme temperature changes, rain, snow, deicing salts, road grime and dampness, which directly influence their durability and have the potential to create performance problems. The potential severity of these problems will depend on the geographic location of the structure and local environmental conditions.

¹ The Authority's bond indenture agreement refers the annual inspections as annual certificates.

Municipalities have historically increased inspection mandates in response to parking structure failures. For example, in 1998, the City of Syracuse updated its Property Conservation Code to require annual inspections of parking structures in response to the MONY garage collapse of 1994. This structure failure was the result of a 115-foot portion of the second level collapsing down to the first. Prior to the 1994 collapse, a 1988 study of the garage stated the need for millions of dollars in repairs. However, these repairs were neglected and never completed. As another example, in 2009 the City of Rochester implemented a parking structure maintenance program that strives to have each City-owned parking structure inspected every two years in response to the 2006 South Avenue structure collapse. This structure failure was the result of rust within the steel cable and post system that supported the ramp.

To accomplish our audit objective, we interviewed Authority officials. We reviewed relevant laws and inspection reports. We performed walk-throughs of Authority parking structures. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). More information on the standards and the methodology used in performing this audit are included in Appendix B of this report.

Audit Results

The Authority debt agreement requires annual structural inspections of its garages. New York State Property Maintenance Code requires elevator inspections to be performed every six months by a qualified elevator inspector. Sound business practices include both long-term and short-term capital project planning, which serves to identify and prioritize anticipated needs based on a strategic plan.

Inspections – The Authority's debt agreement requires annual inspections of the three parking structures. The Authority contracts with an engineering firm to perform structural inspections, compile bid specifications, review and inspect completed repairs and issue an annual inspection report. We reviewed the 2015 annual inspection report, which indicated that the Riverfront and Quackenbush garages were in very good condition and the Green-Hudson garage was in good condition. Further, the inspections did not identify any needed urgent or immediate repairs.

Elevators – Elevators are required to be inspected every six months by a qualified elevator inspector. The Authority's parking structures have four elevators. We reviewed the elevator inspection reports from March 2016 and found all elevators passed inspection within the past six months.

Capital Planning – Sound business practices include both long-term and short-term capital project planning. Such planning serves to identify and prioritize anticipated needs based on a strategic plan. Effective capital project plans establish a clear project scope accompanied by detailed estimates of costs and timelines for project phases and final completion. Such planning not only establishes an entity's capital project needs, but helps establish overall budgetary control as well. Often, long-term capital plans range from three to five years and are supplemented by annual plans that distinguish short-term from long-term needs. Also, capital project plans should have the flexibility to address unexpected situations, including those impacting the health and safety of Authority staff and garage patrons.

The Authority does not have a current long-term capital plan. Authority officials told us they completed major capital renovations in 2012 and are currently addressing repair items when they are identified. Finally, as required by its bond indenture agreement, the Authority sets aside \$150,000 per year for capital additions and emergency repairs and currently has \$1 million in its maintenance reserve.

We commend Authority officials for taking proactive measures to ensure public safety in the parking structures.

We thank the officials and staff of the Albany Parking Authority for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM AUTHORITY OFFICIALS

The Authority officials' response to this audit can be found on the following page.



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ALBANY, NEW YORK 12207
Telephone (518) 434-8886

KEVIN O'CONNOR
CHAIRMAN OF THE BOARD

MATTHEW PETER
EXECUTIVE DIRECTOR

July 18, 2017

Ann C. Singer, Chief Examiner
State Building Office, Suite 1702
44 Hawley St.
Binghamton, NY 13901-4417

Report Number: S9-17-6

Dear Chief Examiner Singer:

Please let this serve as a response from the Albany Parking Authority, confirming receipt of the OSC Audit Report number S9-17-6. The Albany Parking Authority does not have any additional comments on the findings within the report. On behalf of the Authority and the Board of Directors, we want to thank the Comptroller's Office for their professionalism and informative report.

Thank you,

Matthew Peter
Executive Director
Albany Parking Authority

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed the Regulations set forth by New York State's 2010 Property Maintenance Code, General Municipal Law, the 2010 Fire Code and applicable policies and procedures. We also reviewed the Albany Parking Authority Act.
- We interviewed Authority officials to determine the parking structure inspection and repair and capital planning processes.
- We performed walk-through observations of parking structures.
- We reviewed parking structure and elevator inspection reports and reviewed records to determine whether identified repairs were made.

We conducted this performance audit in accordance with 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.