



Council Auditor's Office

Follow-Up on Metropolitan Parking Solutions (MPS) Redevelopment Agreement Audit

Report #826A

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OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



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Honorable Members of the City Council
City of Jacksonville

The purpose of this report is to document our follow-up review of our past report #826, Metropolitan Parking Solutions (MPS) Redevelopment Agreement Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We contacted the City and Downtown Investment Authority (DIA) to notify them that we would be performing follow-up work on our original audit. Given there had been a mediated settlement agreement approved by MPS and the City that changed the management structure and operations of the garages, our normal testing procedures were adjusted to account for this. We did review the recommendations from our audit report and the auditees' responses to the recommendations as we normally would, but our testing had to be changed to account for the mediated settlement agreement. Included in this was limited testing to determine whether the main provisions and requirements of the mediated settlement agreement had occurred.

Based on our follow-up testing, it appears that the responsible parties addressed our original audit issues without exception. Additionally, we did not notice any material issues with compliance with the mediated settlement agreement based on our limited testing. Below is a table detailing the original number of issues noted and the number of issues resolved as of this follow-up.

Types of Issues	Original Number of Issues	Issues Cleared	Remaining Issues
Internal Control Weaknesses	1	1	0
Findings	6	6	0
Opportunities for Improvement	0	0	0
Total	7	7	0

It is important to note the financial changes since the audit based on actions taken by the City and DIA. As background, the City was required to make a tranche payment (“loan”) to MPS for any cash shortfalls of MPS being able to pay operating expenses, bond payments, or the guaranteed required return for MPS.

The amounts in the table below show the annual surplus/(loss) (after operating expenses and the guaranteed rate of return per the tranche requests from MPS prior to Bond Payments) for calendar year 2015 through 2021. MPS utilized the same parking garage operator starting in the early part of 2015 through November 2020, at which time MPS contracted with a new vendor to operate the garages. Calendar year 2020 and 2021 operations were impacted by COVID-19.

MPS Managed Period	
Period	Annual Surplus/(Loss) Based on Requests Prior to Bond Payments
Jan 2015 - Dec 2015	\$ 123,425
Jan 2016 - Dec 2016	\$ 156,618
Jan 2017 - Dec 2017	\$ 23,718
Jan 2018 - Dec 2018	\$ 127,303
Jan 2019 - Dec 2019	\$ (369,420)
Jan 2020 - Dec 2020	\$ (1,230,733)
Jan 2021 - Dec 2021	\$ (24,969)

Note - For some of the tranches the City withheld part of the payments related to uncollected revenues due to the rates being charged, estimated allocations of salaries for top-level employees for the previous parking garage operator, and large uncollected receivable balances. These items played into the legal disagreements that eventually led to the mediated settlement agreement. The amounts above are based on the requests from MPS and not the amounts paid by the City.

In the spring of 2022, due to the mediated settlement agreement, the DIA took over managing the operations of the garages with the same third-party vendor hired in November 2020 continuing to operate the day-to-day activities. For the 12-months from May 2022 through April 2023, the net surplus from operations after all expenditures (including the base rent payment to MPS) prior to debt payments was \$1,140,948.

DIA Managed Period	
Period	Annual Surplus Prior to Debt Payments
May 2022 - Apr - 2023	\$ 1,140,948

Additionally, as part of the mediated settlement agreement there were significant annual savings related to refinancing the outstanding bonds at 2.77%, which all previously carried interest rates of 5.5% or more. The annual savings were increased further due to stretching out the payback period. This created more funds available in the short term to be able to be utilized by the Northbank Community Redevelopment Area (CRA).

We would like to thank the Downtown Investment Authority for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

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Council Auditor