

# MINUTES

## Audit Committee of Roanoke City Council

**Location:** Council Conference Room  
Noel C. Taylor Municipal Building, Room 451 South

**Date:** September 2, 2020

**Time:** 4:04 p.m. to 6:37 p.m.

**Attendees:**

<b>Audit Committee Member</b>	<b>Present (Y/N)</b>
Anita Price (Chair)	Y
Joseph Cobb (Vice-Chair)	Y
Michelle Davis (Member)	Y
Sherman Lea (Ex-Officio)	Y

Drew Harmon, Municipal Auditor  
Dan Callaghan, City Attorney  
Sherman Stovall, Deputy City Manager  
Brent Robertson, Assistant City Manager  
Amelia Merchant, Director of Finance  
Don Caldwell, Commonwealth's Attorney  
Dawn Hope Mullins, Assistant Municipal Auditor  
Tasha Burkett, Information Systems Auditor  
Cari Spichek, Senior Auditor  
Brian Pendleton, Senior Auditor  
Eric Charles, Deputy Police Chief  
Tim Spencer, Senior Assistant City Attorney  
Laura Carini, Assistant City Attorney II  
Ann Bostic, Accounting and Systems Manager  
Brian Mann, Enterprise Administrator  
Jamie Brooks, General Manager, Lanier Parking

**1. Call to Order:**

Ms. Price called the meeting to order at 4:04 p.m. and welcomed everyone.

**2. Approval of the Minutes from the March 4, 2020 Meeting:**

Ms. Price asked if there were any comments or corrections to the minutes from the March 4<sup>th</sup> meeting. Hearing none, Ms. Davis motioned to file the minutes as written; Mr. Cobb seconded.

The minutes were received and filed.

### 3. Annual Simplified Comparative Report – 2020:

Mr. Harmon commented that the report provides good information on the City's demographics and financial health. Chapter 3 presents comparative information from other localities, as compiled by the Virginia Auditor of Public Accounts [APA].

Mr. Harmon highlighted the following tables with additional comments:

- Page 2 – Population Growth Rate (Projected) – The City of Lynchburg and Montgomery County are projected to have higher growth rates.
- Page 3 – Median Household Income Tables – Low for region; high wage earners in healthcare, finance, higher education, may be residing in surrounding localities.
- Page 5 – Roanoke City General Fund Revenues vs. Inflation (CPI) – Purchasing power just reached 2010 levels when adjusted for inflation.
- Page 6 – Capital Expenditures Tables – The City has made significant investments while interest rates have been historically low. City leads the region on per capita basis. Noted that the Virginia Department of Transportation manages bridges and roads for local counties.
- Page 8 – Pension Investment Rate of Return (Annualized as of June 30, 2019) – The Pension Fund averaged 10.7% rate of return over ten years. Typical 401k plans are only averaging 5% to 8% returns. Points to the value of a professionally managed fund with a longer investment horizon.
- Page 9 – Revenue Capacity Tables – Capacity uses base values of property in the locality and average tax rates in the state to estimate capacity. The City of Salem and Roanoke County have more capacity largely based on higher real estate and vehicle values. If the City had the same tax rates as these localities, those localities would realize 18% more revenue than the city. This highlights the need for the city to increase median housing values.
- Page 9 – Revenue Effort Tables – Salem and Lynchburg have higher scores, which means they are taxing more of their capacity than the city. City score is higher than state average for cities.
- Page 11 – Fiscal Stress Tables – Published by the APA; City of Roanoke is ranked as the 18<sup>th</sup> most stressed locality in the state.
- Page 14 – Owner-Occupied Housing Unit Values – The City's median owner-occupied housing unit value has remained relatively flat at \$133,000 and is lower than regional peers.
- Page 15 – Tax Abatement Tables – Noted that participation in the Energy-Efficient Building Program dropped to zero and participation in the Solar Tax Relief Program has declined to a very low number overall.

- Page 22 – Water and Sewer Tables – Western Virginia Water Authority rates compare favorably in the region while investment in line replacements are increasing.
- Page 27 – Economic Development Tables – The City has added approximately 1,685 net jobs over a 10-year period. Service sector jobs continue to grow in proportion to other sectors.
- Page 28 – Human Services Tables – Approximately 38% of the City's population participates in some form of benefits program.
- Page 30 – Public Health Tables – These analyses are interesting in terms of general population health, premature death trends and years of potential life lost. Public health issues have been a focus of City programs, in terms of providing better access to healthcare, addressing food deserts and dealing with the opioid crises.
- Page 32 – Education Tables – The City invests over \$14,000 per student, leading other localities. Graduation and dropout rates continue trending in the right direction.

Ms. Price commended Mr. Harmon on the report and noted that it includes very detailed information. She asked for questions; there were none. Ms. Price inquired as to who receives the report. Mr. Harmon explained that it is provided to City Council members, School Board members, the Superintendent of Schools, City Administration [through the Director's level], and various agencies that provide information used in the report, such as Downtown Roanoke, Inc., the Chamber of Commerce, and the Roanoke Regional Partnership. The report is also available on Municipal Auditing's main webpage. Ms. Price requested that a copy be sent to the United Way.

Hearing no further questions or discussion, the report was received and filed.

#### **4. Police Cash Audit:**

Municipal Auditing reviewed all Police Department operational directives and expanded the audit program to include examinations of additional accounts and revenue streams. These included employee canteen, alarm registration fees, and sales of service weapons to retired employees. Mr. Harmon reported that the audit results were very good. He noted that past issues with verification reports were resolved with a system upgrade, improving customer service while reducing administrative burden.

Ms. Price asked for questions or comments. Hearing none, the report was received and filed.

#### **5. On-Street Parking Audit:**

Mr. Harmon stated that this was the first audit of on-street parking since it was outsourced to Lanier Parking. He commented on management's recommendation to eliminate warning tickets for first-time parking violations, suggesting that such a change might not be in the best interest of the city. He referred the Committee to page five (5) of the report showing the number of citations issued by month,

noting December was a particular active month. Mr. Mann stated that a new, overzealous employee had contributed to the higher number of tickets in December.

Mr. Harmon also commented on the recommended changes to the 500 feet and 10 minutes exceptions in timed zones. He noted that these two exceptions make enforcement very difficult and allow people to abuse the system. Some parkers had over 20 citations dismissed under this exception.

Mr. Lea asked if these recommendations were going to come before City Council. Mr. Robertson confirmed that recommendations are being discussed and would be brought to Council for action. He noted that traffic patterns, congestion and density have changed since 2005 when the current ordinances were adopted. Mr. Robertson feels that now is a good time to update the on-street parking ordinances and thanked Municipal Auditing for their work.

Mr. Mann stated that parking has surveyed other municipalities for best practices in managing on-street parking. He noted that the City is the only locality in Virginia that issues warning tickets. Some governments have utilized warnings on a short-term basis, during traffic pattern changes or construction. Ms. Brooks commented on the complexities involved to determine if a parker qualifies for a warning. Mr. Mann noted that records retention rules only allow retaining three years of citation history, so parkers in effect qualify for a warning every three years. Mr. Robertson suggested that Council may want to consider other options that allow for a softer approach to on-street parking enforcement. Mr. Mann commented on parking meters as a solution, but noted they are expensive at around \$30,000 each.

Mr. Stovall stated that a work session will be scheduled with City Council members to put all options on the table. If additional benchmarking is needed, it will be completed prior to bringing an ordinance forward for consideration.

Mr. Lea asked how many cities provide parking for their employees. He commented that he frequently sees staff going outside to move their cars and has always been bothered that City does not provide at least some employee parking. He hopes Council can consider this as well. Mr. Stovall responded that providing employee parking in a downtown is challenging. A number of things have been tried, including providing a limited number of spaces in the Church Avenue parking garage, a parking lottery, and running shuttles from the Berglund Center. He added that taking garage spaces offline would impact the Parking Fund's ability to succeed financially.

Mr. Cobb asked about the difference between one free ticket and a warning ticket. Mr. Mann responded that some localities, such as Atlanta, offer one free ticket. The one free ticket program is similar to the City's warning ticket, but provides for more discretion. Mr. Cobb further inquired if part of the software complication was the ability of parking ambassadors to pull the information up on their machines. Ms. Brooks confirmed it was. Mr. Robertson added that in Atlanta, tickets are written and then adjusted administratively. Mr. Cobb asked about the response to Park Roanoke's initiative to refund fines paid by persons who should have received a warning. Mr. Mann stated that there have about 65 respondents to date.

Ms. Davis asked if the license plate readers (LPR) are on a different system than the ticket software. Ms. Brooks confirmed they are different systems. The LPR was installed in 2018 and the Cardinal TicketTrac system was implemented in 2004. Ms. Davis asked why the Cardinal software was capable of issuing warnings before and now it is an issue. Ms. Brooks responded that it has been an ongoing issue and likely related to updates. Ms. Davis stated that she understands that writing parking tickets is never a pleasant experience and that enforcement staff work really hard; however, she is very concerned that an ongoing issue like this was not brought to Council's attention before the audit. Referring to early comments from Mr. Mann that an overzealous, new employee had contributed to the high number of tickets in December 2019, Ms. Davis expressed concerns about training and why management had not noted the issue earlier in the month. Ms. Brooks responded by talking about each ambassador developing their own way as they gain experience with routes and regular parkers on those routes. Experienced ambassadors may approach people directly about moving their vehicles. Ms. Davis asked why this was not identified in real time from a management perspective. Mr. Mann replied that they noticed a trend prior to the audit, starting around mid- November. He realizes that management needs to do better job, noting that the Enterprise Administrator position was vacant for a couple of years. Mr. Mann feels they have made significant strides since the audit. These include updating the ticketing software and developing better criteria for granting appeals. He assured the Committee that the issues identified in this audit would not happen again. Ms. Davis expressed her appreciation for the explanations offered. She noted that audits are an opportunity to fix issues and not intended to be punitive in nature. She stated she was glad to know the issues have been recognized and are being addressed.

Mr. Cobb stated that he knows every ambassador has their own style and approach, but asked if standard policies and practices are in place. Ms. Brooks responded that they do provide training and use benchmarks. She further stated that parking enforcement is a thankless job and it is hard to hire and retain employees. Turnover is their biggest issue and makes it difficult to maintain consistency. Mr. Mann added that it is important to note that there are no quotas associated with citations.

Ms. Price commented that parking is difficult and that there are many nuances involved. She looks forward to Council having an opportunity to delve deeper into these issues when management provides its briefing.

Hearing no further questions or discussion, the report was received and filed.

## **6. Clerk of the Circuit Court Audit:**

Mr. Harmon reported that this is an annual audit. The Auditor of Public Accounts provides the audit program; Municipal Auditing performs half of the work. Results were good, as is common with this audit.

Ms. Price asked for questions or comments. Hearing none, the report was received and filed.

## **7. Annual Report – Audit Committee**

Mr. Harmon referred Committee Members to page two (2) showing that approximately 35% of the staff's direct time was on the PCI implementation project. In the interest of time, Mr. Harmon asked if committee members had any questions about the report.

Mr. Cobb asked what happens when investigations are substantiated. Mr. Harmon responded that it depends on the nature and significance of the issues. If the issues are criminal in nature, they are referred to the Commonwealth Attorney's Office. Violations of policies may lead to employee reprimands or terminations.

Ms. Price asked about cases referred to other agencies. Mr. Harmon explained that his office refers allegations of benefits fraud to the Fraud Investigation Unit in Social Services. Allegations about criminal activity not involving city employees are referred to the Police Department.

Mr. Cobb asked if the investigations reported in the annual report covered the entire year. Mr. Harmon confirmed that all hotline reports received in fiscal year 2020 were included.

Hearing no further questions or discussion, the report was received and filed.

## **8. Closed Meeting to Discuss Personnel Matters:**

Item 8 was a request to go into a closed meeting to discuss personnel matters subject to the jurisdiction of the City Audit Committee pursuant to Section 2.2-3711 (A)(1), Code of Virginia (1950), as amended. Mr. Cobb moved the Committee go into closed session; Ms. Davis seconded the motion. All members voted the motion in the affirmative and the motion passed. The Committee adjourned for closed session at 4:59 p.m.

The Committee reconvened at 6:34 p.m. Mr. Cobb moved that each Member of Roanoke City Council Audit Committee certify that to the best of each Member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under Chapter 37 of Title 2.2 Code of Virginia, Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting conduct through electronic communication means was convened were heard, discussed or considered in the meeting by the Roanoke City Council Audit Committee. Ms. Davis seconded the motion. All members voted the motion in the affirmative and the motion passed.

## **9. Other Business:**

The next Audit Committee meeting is scheduled for December 9, 2020, at 4:00 PM.

## **10. Adjournment:**

Ms. Price adjourned the meeting at 6:37 p.m.