



**Joseph M. Centorino**, Inspector General

TO: Honorable Mayor and Members of the City Commission  
FROM: Joseph Centorino, Inspector General

DATE: September 24, 2020  
AUDIT: Parking and Police Department Requested Tows Operational Audit  
OIG No. 20-13  
PERIOD: October 1, 2017 to October 31, 2018

This report is the result of a request made by the City Administration in November 2018 to verify Beach Towing Services, Inc.'s (Beach Towing) and Tremont Towing, Inc.'s (Tremont Towing) compliance with selected provisions in the City of Miami Beach Administrative Rules and Regulations for Police and Parking Towing Permits (Towing Permits) in effect during the audit period. Meetings were held in December 2018 with the tow companies and applicable Parking, Police and Finance Department staff to gain an understanding of each company's operations and to request relevant documents.

Although the reviewed Towing Permits contain a myriad of points that require compliance from the two tow companies, Office of the Inspector General (OIG) staff concentrated its testing on the accuracy of the City's monthly billings and the amounts charged to tow customers. To help achieve these objectives, we reviewed the written Standard Operating Procedures, records of work performed, available body camera footage, documentation received from the City's Parking, Police and/or Finance Departments, and copies of the tow slips received from the tow companies.

As this audit was nearing completion, the City Commission voted in favor of terminating the audit at its June 5, 2019 meeting and all work on this and related audits was immediately stopped. This audit's termination was subsequently re-visited at the January 2020 Commission meeting wherein it was determined that the newly created Office of the Inspector General, as an independent body, had the authority to conclude the audit within its broad discretion to audit, investigate and review City operations and contracts.

Consequently, the auditing work was subsequently resumed, resulting in the completion of three separate audit reports, including this one. The remaining two audit reports address the testing performed relative to Beach Towing Services, Inc. (Beach Towing) and Tremont Towing, Inc. (Tremont Towing). Although the work performed was reported separately, there may be some overlap in the three reports, as noted shortcomings could involve more than one of the parties involved.

## ACRONYMS

CAD = Computer Aided Dispatch  
LERMS = Law Enforcement Records Management System  
PES = Parking Enforcement Specialist  
PET = Property and Evidence Technician

*We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.*

PEU = Property and Evidence Unit  
PSCU = Public Safety Communications Unit  
VRO = Vehicle Research Office  
VSR = Vehicle Storage Receipt  
VTL = Vehicle Tow Log

## INTRODUCTION

Chapter 106, Article V, of the Miami Beach City Code, provides for the issuance of towing permits for the towing of vehicles identified by the City's Parking and Police Departments as requiring removal from public and private property, as well as vehicle impoundments. The same two tow companies, Beach Towing and Tremont Towing, have continued to operate exclusively in Miami Beach since at least their selection based on their response to Request for Proposals No. 1-91/94. The negotiated towing permits for the two companies have been revised as needed in the following years.

More recently, City Resolution 2015-28918 was adopted on February 11, 2015, approving the issuance of new Towing Permits to Beach Towing and to Tremont Towing for a three-year term commencing on March 1, 2015, and expiring on February 28, 2018. Both companies' terms were extended for an additional one year through February 28, 2019 with the passage of City Resolution No. 2018-30161.

The City Commission approved a one-year extension for both tow companies under the same terms except for a reduction of their charged automated teller machine fees at the December 12, 2019 meeting. Although this extension expired in February 2020, both Beach Towing and Tremont Towing are continuing to operate on a month-to-month basis under its terms.

Among other provisions, Section 3 of the Towing Permits includes the following:

"The City shall bill Permittee (Beach Towing and Tremont Towing) by the 10th of each month for all tows occurring in the previous month. A late charge of \$50 plus the greater of (i) eighteen percent (18%) interest per annum or (ii) the maximum rate allowable under Florida law shall be assessed on all payments received after the 20th day of the billing month". In addition, Section 22 lists the following approved maximum towing rates:

Class "A" Tows:	\$140*	Mileage/Mile (max: \$42):	\$6
Class "B" Tows:	\$145*	Labor to Engage/Tow:	\$30
Class "C" Tows:	\$175*	Outside Storage (per day):	\$30
Class "D" Tows:	\$200**	Indoor Storage (per day):	\$35
Administrative Fee:	\$35	After Hours Fee:	\$30
Dollies or Flatbed Services:	\$40		

\* As defined in Section 11 of the Towing Permits, the hook-up fees are charged based on the following gross vehicle weights:

Class "A" wreckers and slide back car carriers - commercially manufactured unit, with a rated capacity of not less than 10,000 pounds

Class "B" wreckers - commercially manufactured units, with a rated capacity of not less than 18,000 pounds

Class "B" slide back car carriers - commercially manufactured unit, with a rated capacity of not less than 20,000 pounds

Class "C" wreckers - commercially manufactured unit, with a rated capacity of not less than 36,000 pounds

\*\* Class "D" wreckers - not specifically addressed in the Towing Permits, but it was assumed they would contain a rated capacity of more than 36,000 pounds (the maximum weight limit for Class "C" wreckers).

Lastly, drop fees are to be waived when a vehicle owner arrives on the scene of a tow and the vehicle has been engaged (hooked) by the tow truck, but the tow truck has not left the scene. Although Florida law allows tow companies to assess a drop fee of not more than 50% of the

posted towing rates, it has been agreed that all drop fees will be voluntarily waived on Miami Beach per Section 24 of the Towing Permits.

The following sections provide an overview of the City procedures established and to be followed by staff depending on whether it is a Parking or Police Department requested tow:

A. Parking Department Requested Tows

A Parking Department requested public property tow occurs when a vehicle is illegally parked in a City street, City parking lot, garage or other public right-of-way. A parking citation is also issued stating the violation. The most common reasons for a public property tow are prohibited parking (parking in fire lanes/hydrants, cross walk, double-parking); restricted parking; or illegally parking in a handicap accessible parking spot, residential parking zone or loading zone.

Vehicles may also be towed because of unpaid parking violations. All associated fees must be paid in full before the owners can pick up their impounded vehicles.

Parking tows are initiated by a Parking Enforcement Specialist (PES) and are reported to the Dispatcher who records the information in a Vehicle Tow Log (VTL). The VTL is used to temporarily maintain the vehicle information and to log the call until the vehicle has been towed away for the convenience of the Dispatcher. The VTL also aids in facilitating an equal rotation between the two tow companies as initial dispatch calls to Beach Towing and Tremont Towing are to be alternated.

The Dispatcher then enters the vehicle information into the Law Enforcement Records Management System (LERMS) which is used to generate a sequential tow number. This number is used by the PES to create the Vehicle Storage Receipt (VSR). The Dispatcher subsequently contacts the authorized tow company per the rotation. At the scene of the tow, the PES obtains the signature of the tow company representative on the VSR. Each tow company is provided with a copy of the completed VSR. At the end of each month, the Parking Enforcement Manager is to generate a Computer Aided Dispatch (CAD) report to review any significant differences in the number of tows between the two tow companies.

At least once a week, the Parking Department Enforcement Supervisors pick up the VSRs together with storage payment receipts and photocopies of personal identification provided by the individuals who picked up the impounded vehicles from both towing companies. These documents are subsequently delivered to the Parking Department's Coin Room staff where they get filed and maintained numerically by date and by tow company.

On a weekly basis, a tow report is generated from LERMS which documents the data from all the tows that Dispatch radioed in for that week for each tow company. This report is emailed to the Coin Room staff in Excel format, which pulls the filed VSRs and matches them to the LERMS report, noting any "no charge" tows as well as highlighting any Miami Beach resident tows.

A few examples of "no charge" tows include City requests that certain individuals not have to pay the associated fees due to their being crime victims, or when inadvertent mistakes are made, and the vehicle improperly towed. Otherwise, the City is to be reimbursed either \$20 for abandoned vehicles, \$25 for Miami Beach residents' vehicles and \$30 for all other tows in accordance with the Towing Permits. To prove residency, both the individual's driver's license address and registration must match a valid Miami Beach address. If the VSR from the tow company and the report match, it is considered a "good tow". Any

discrepancies are to be resolved by calling the pertinent tow company and/or the Enforcement Supervisor. Once all discrepancies are resolved and the numbers of tows are agreed upon, the Parking Department's Coin Room staff send the updated and reconciled CAD Excel report to the designated Office Associate IV for review and to prepare the monthly invoices. Once created, the Office Associate IV is to post the invoices in the City's Financial System for each tow company by the tenth day of each month. The Office Associate IV emails the monthly invoices to the respective tow company and is to periodically follow-up on any outstanding invoices.

**B. Police Department Requested Tows**

Police officers or authorized non-sworn Police Department employees possess legal authority to remove vehicles/vessels from roadways/waterways and public property when the vehicle is parked illegally and obstructs traffic, parked in a handicap space, severe injury or death to the driver/occupant occurred from a traffic accident, the vehicle does not have a license tag or it was stolen and/or used in the commission of a crime. A more comprehensive listing can be found in the Police Department's Standard Operating Procedure #133, Section I entitled "Legal Authority".

When the Police Department employee determines that a vehicle is to be towed or impounded, he/she will inspect the vehicle and visually determine the vehicle identification number and the license tag number. This information is then called into the Public Safety Communications Unit (PSCU) to determine the name and address of the owner and the vehicle's status. Next, they will complete a VSR which contains the name, address and phone number of the registered owner and/or driver, the date, time, location and reason for the tow, the applicable case number, the vehicle information, notation of any interior or exterior vehicle damage, inventory of all items present, among other information.

Then the employee is to contact the PSCU and request a contracted tow truck from either Beach Towing or Tremont Towing based on their rotation, including any need for special equipment (e.g. car-carrier, heavy-duty trucks). The VSR should contain documentation as to the reasons for any special requests or additional labor charges, like the use of a dolly or flatbed or unlocking and entering the vehicle. Once the VSR is completed and prior to returning to service, all relevant information is to be provided to the PSCU.

In addition, a hold could be placed on a vehicle if it was used in the commission of a crime or is considered evidence. All holds require a supervisor's signature on the VSR and it is the police officer's responsibility to contact the specific entity and to advise them that there is a hold on the vehicle. The assigned investigator is then to write a Supplemental Report within five days indicating either release of the vehicle or the supervisor-approved reasons for continuing the hold. Also, the vehicle is to be removed from the tow lot and transported to the Police Department's impound area by the applicable tow company.

The Police Department's Vehicle Research Office (VRO), comprised of a collaborative effort between the Property and Evidence Unit (PEU) and the PSCU, is responsible for ensuring a VSR is received for all towed vehicles and that all information has been provided to the PSCU, confirming that the tow companies are meeting their contractual obligations, providing a central location for all inquiries concerning impounded and towed vehicles. Immediately following the end of each month, the PEU is to generate a report of all contracted tows occurring during the specified month which is to be timely forwarded to the Finance Department for invoicing by the tenth of the month. Lastly, the tow companies are to remit their corresponding payment of the invoice by the twentieth of the month or the designated late charges are to be levied.

## **OVERALL OPINION**

The same two tow companies have operated exclusively in Miami Beach since at least their selection based on their response to Request for Proposals No. 1-91/94. Similarly, several key City staff members have been tasked with dealing with these tow companies for many years. Although staff longevity and experience may be of some value, there appears to have developed some complacency in enforcement of some of the terms in the City Towing Permits, as well as insufficient oversight of the towing companies. In addition, the latest technology has not been fully embraced, as most of the forms reviewed are prepared manually, which increases the possibility of inadvertent errors/omissions, incorrect billings, and makes difficult the review and analysis of these data at large scale.

The following shortcomings were noted during testing that are in need of corrective action by the City:

1. Parking and Police Department's requested tows were not properly billed during the audit period resulting in an estimated underbilling of \$24,822 (\$21,577 for Parking + \$3,245 for Police).
2. 12 of 26 tested Police Department billings were prepared after designated due dates per Towing Permit Section 3 (46.15%), and they consistently listed incorrect due dates.
3. The current Towing Permits contain some contradictory wording which created confusion as to their interpretation. Additional recommended terminology should be included in the next negotiated Towing Permits.
4. Formal complaint logs were not maintained by the City's Parking and Police Departments, which impeded verification that the appropriate actions stated in Section 29 of the Towing Permits were timely performed.
5. The tow truck operator's arrival time was not recorded for Police Department requested tows, creating an obstacle in determining compliance with Section 14 of the Towing Permits, which requires a 20-minute response time.
6. The Parking Department should maintain adequate documentation as to the reasons why the tow companies were not alternated to help prevent possible future disagreements.
7. Parking and Police Department staff were unaware that the tow companies did not maintain the required insurance coverage in accordance with Section 4 of the Towing Permits and their information was not uploaded into Exigis, LLC's software to facilitate monitoring.
8. Several other Parking Department deficiencies are addressed.

## **SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of this audit included an examination of the procedures and controls over the City's collection processes for administrative towing fees, controls/oversight of towing companies' activities and their compliance with selected terms set forth in the Towing Permits. The audit covered the period of October 1, 2017 through October 31, 2018 and it focused primarily on determining the Parking, Police and Finance Department's compliance with the following objectives:

- To determine whether the City accurately and timely invoiced the two tow companies.
- To determine whether the two towing companies' payments were received in full before the Towing Permits' established due dates. If not, determine whether late charges were accurately billed.
- To determine whether tow complaints received were sufficiently and timely resolved.
- To determine whether tested tow truck operators arrived within the twenty (20) minute established goal.

- To determine whether the City properly alternated between the two tow companies on all requested public tows.
- To determine whether the two tow companies attained the required annual Business Tax Receipt certificates from the City.
- To determine whether the two tow companies maintained the required insurance coverage.
- To determine whether Police Department holds were properly documented in accordance with Section 6 of the Towing Permits.
- Other procedures as deemed necessary.

We conducted this audit in accordance with the office's Standard Operating Procedures. Those 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.

The audit methodology included the following:

- Reviewed applicable provisions within the Towing Permits and Code of Ordinances, and City Standard Operating Procedures;
- Interviewed and made inquiries of City and external companies' personnel in order to gain an understanding of the internal controls (relative to the operations of the towing services), assess control risk, and plan audit procedures;
- Performed substantive testing consistent with the audit objectives, including but not limited to, examination of applicable transactions and records on a statistical and non-statistical sample basis;
- Drew conclusions based on the results of testing, made corresponding recommendations, and obtained auditee responses and corrective action plans; and,
- Other audit procedures as deemed necessary.

## **FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

### **Finding #1: *City Requested Tows were Not Properly Billed***

The Towing Permits detail the terms and conditions with which Beach Towing and Tremont Towing were to comply during the October 1, 2017 through October 31, 2018 audit period. One tested provision, Section 3, provides that the tow companies are to pay the City a monthly fee of \$25 for tows of Miami Beach residents' vehicles and \$30 for all other vehicles towed. Exceptions noted in the Towing Permits include Section 20, which requires the tow companies to provide emergency towing services for City vehicles at no charge, and Section 21 which requires them to pay the City \$20 for every towed abandoned vehicle.

#### **a. Parking Department Requested Tows**

The Parking Department's Senior Management Analyst created an Excel spreadsheet based on a daily download of Law Enforcement Records Management System (LERMS) data for each Parking Department requested tow. This report contains such information as the sequential impounded vehicle number, the date/time that the vehicle was impounded, the location from which the vehicle was towed, the corresponding tow company used, the impounded vehicle's license plate and the reason it was impounded.

Afterwards, Coin Room staff manually enter a detailed breakdown of all the individual amounts charged to each tow vehicle owner for storage fees, mileage charges, administrative fees,



after hours fees, labor to engage/tow vehicle fees, state sales taxes, among other entries into this spreadsheet. OIG staff verified that all the sequential impounded Parking Department vehicle numbers were properly accounted for in the spreadsheet. It was also noted that the spreadsheet contains scripted formulas that automatically calculate the amount to invoice each tow company following the end of each month. Although the reviewed formulas accurately calculated the amounts owed based on the data entered, they were not locked to help prevent someone from changing them.

In addition, the tow companies were not billed when the Coin Room staff leaves the corresponding Excel cells blank because the supporting documentation is missing or incomplete. The following table provides a breakdown as to the corresponding number of unbilled tows for each month in the audit period based on the Parking Department's reviewed monthly Excel spreadsheets:

Month/Year	# of Unbilled Tows (Beach Towing)	# of Unbilled Tows (Tremont Towing)	# of Unbilled Tows (Total)
October 2017	7	41	48
November 2017	9	28	37
December 2017	20	69	89
January 2018	6	53	59
February 2018	7	29	36
March 2018	11	37	48
April 2018	4	36	40
May 2018	7	31	38
June 2018	4	39	43
July 2018	19	33	52
August 2018	9	39	48
September 2018	10	36	46
October 2018	20	40	60
<b>Total</b>	<b>133</b>	<b>511</b>	<b>644</b>

When questioned, the Parking Department's Senior Management Analyst stated that the unbilled tows represent instances where the towed vehicles have not been picked up, junked or auctioned and the proper documentation was not submitted. Yet, Section 3 of the Towing Permits specifies that the City is to receive a monthly permit fee for each vehicle towed, which includes those where monies are collected from the customer, as well as those where the vehicle goes to the scrapyard or auction. Furthermore, the Parking Department had not followed up on these 644 blank or unbilled entries as of the beginning of this audit, so no monies would have been billed to the applicable tow company or paid to the City for any of these tows.

OIG staff reviewed the applicable PES's body camera footage for the 25 unbilled towing slips that occurred between October 9<sup>th</sup> and October 22<sup>th</sup>, 2018, whereby it was verified that all the sampled unbilled tows occurred. However, it would be difficult and time consuming to try to determine whether any of these tows represent "no charge" or abandoned or Miami Beach resident, or all other (nonresidential) tows, and the actual amount to be billed and paid to the City (either \$0, \$20, \$25 or \$30 respectively) for each.

During the 13-month audit period, it was determined that 94.49% of all tows were for nonresidents, 3.95% were for residents, 0.78% were for abandoned vehicles and 0.78% were for "no charge" vehicles (excluding the unbilled tows) based on the Excel spreadsheet billed entries. If this percentage distribution were to be applied to the unbilled towing entries, it would have resulted in an estimated total amount of \$18,992 (\$18,256 for nonresident vehicle

tows + \$636 for resident vehicle tows + \$100 for abandoned vehicle tows) being owed to the City. Of this total, Beach Towing would owe \$3,922 and Tremont Towing would owe \$15,070.

Another option is to assume that all unbilled tows result in the maximum of \$30 each owed to the City unless the applicable tow company's supporting documentation proves otherwise, as the calculated percentages above are continuously changing. If this option were to be applied for the data provided during the audit period, the City would be owed in total \$19,320, which would be comprised of \$3,990 for Beach Towing and \$15,330 for Tremont Towing. This figure is only \$328 different from the previous option ( $\$19,320 - \$18,992 = \$328$ ) and is much simpler to calculate.

Other testing performed identified a total of 75 instances in which the Parking Department incorrectly charged the tow companies twice for the same tow, resulting in a \$2,135 total overbilling during the audit period. More specifically, Beach Towing was overbilled by \$1,065 due to 37 duplicate billings and Tremont Towing was overbilled by \$1,070 from 38 duplicate billings.

This duplication occurred because there are two separate columns present on the Excel spreadsheet to classify whether the tow involves an abandoned vehicle (\$20) or one of the other remaining charges (\$25 or \$30). As a result, Coin Room staff can mistakenly enter data in both columns and, as noted above, they did so for 0.31% of the total Parking Department requested tows  $((37 + 38)/23,844)$ .

Lastly, a comparison of the total number of tows listed on the Parking Department's Excel spreadsheet and the Office Associate IV prepared monthly invoices identified the following monthly differences resulting in an \$2,795 underbilling to Beach Towing:

Month/Year	Monthly Invoice Tows Count	Excel Spreadsheet Tows Count	Monthly Tows Count Difference	Tows Dollar Difference
October 2017	866	870	(4)	(\$120)
November 2017	777	789	(12)	(\$350)
December 2017	967	988	(21)	(\$600)
January 2018	894	896	(2)	(\$55)
February 2018	833	836	(3)	(\$90)
March 2018	1,210	1,226	(16)	(\$475)
April 2018	891	902	(11)	(\$300)
May 2018	883	886	(3)	(\$90)
June 2018	852	858	(6)	(\$150)
July 2018	959	967	(8)	(\$235)
August 2018	897	901	(4)	(\$120)
September 2018	841	846	(5)	(\$150)
October 2018	852	854	(2)	(\$60)
<b>Total</b>	<b>11,722</b>	<b>11,819</b>	<b>(97)</b>	<b>(\$2,795)</b>

The same comparison for Tremont Towing identified the following monthly differences resulting in an \$1,925 underbilling:



Month/Year	Monthly Invoice Tows Count	Excel Spreadsheet Tows Count	Monthly Tows Count Difference	Tows Dollar Difference
October 2017	841	842	(1)	(\$30)
November 2017	766	771	(5)	(\$155)
December 2017	926	939	(13)	(\$385)
January 2018	839	842	(3)	(\$90)
February 2018	803	806	(3)	(\$90)
March 2018	1,199	1,210	(11)	(\$265)
April 2018	860	863	(3)	(\$90)
May 2018	864	867	(3)	(\$90)
June 2018	831	833	(2)	(\$55)
July 2018	936	946	(10)	(\$290)
August 2018	867	873	(6)	(\$175)
September 2018	814	819	(5)	(\$90)
October 2018	843	847	(4)	(\$120)
<b>Total</b>	<b>11,389</b>	<b>11,458</b>	<b>(69)</b>	<b>(\$1,925)</b>

In total, Beach Towing would owe the City an estimated \$5,652 (\$3,922 in unbilled tows - \$1,065 in duplicate overbillings + \$2,795 resulting from differences in the number of tows when comparing the Excel spreadsheet with the actual invoices) for Parking Department requested tows occurring during the audit period. Whereas, Tremont Towing would owe the City an estimated \$15,925 (\$15,070 in unbilled tows - \$1,070 in duplicate overbillings + \$1,925 resulting from differences in the number of tows when comparing the Excel spreadsheet with the actual invoices) for Parking Department requested tows occurring during the audit period. Thus, the total owed to the City by both tow companies is an estimated amount of \$21,577.

b. Police Department Requested Tows

The Police Department's VRO is tasked with ensuring that a VSR is received for each towed vehicle, and that necessary corrections are made and provided to the PSCU message center, CAD system, and any other system related to towed vehicles, among other responsibilities. As part of the VRO functions of the PEU, three Impound Vehicle Disposition Reports are generated monthly to account for all tows performed by each tow company. Impound vehicle disposition refers to the clearing status of vehicles entered into eAgent by a PSCU dispatcher. eAgent is law enforcement software that provides access to the Federal Bureau of Investigation's National Crime Information Center, which is an electronic clearinghouse of crime data that aids law enforcement agencies in the recovery of stolen property.

Once the dispatcher has completed the search in eAgent and determined the status (e.g. stolen, not stolen) and ownership of the vehicle, a disposition category is assigned to the impounded vehicle in the City's CAD system to indicate whether the vehicle is cleared or had a hold assigned to it at the time of the tow. Shortly after the end of the month, a Property Evidence Technician (PET) is tasked with the billing of Police Department's requested tows, and the creating of monthly memorandums stating the total amount of tows to be billed to each tow company, which are later provided to the Finance Department for the corresponding monthly billing.

To determine the accuracy of the towing companies' billings in accordance with the Towing Permits, and whether the number of tows billed reflected the number of tows found in LERMS, OIG staff requested a report of all tow numbers stored in LERMS for the audit period. Additionally, the monthly memorandums and the corresponding impound vehicle disposition reports were requested for each month of the audit period.

The PET discussed the steps required to generate an impounded vehicle disposition report used to calculate the number of tows to be billed. In doing so, it was noted that only three out

of 11 possible disposition categories are used for the creation of the monthly impound vehicle disposition report. The PET stated that in a prior training, he was instructed to only select three specific disposition categories to account for all tows performed. OIG staff requested documentation to support this statement, but none was provided.

The table shown below reconciles the information from both sources and provides the results of the comparison. OIG staff calculated that the tow companies were underbilled by a total of 126 tows (74 from Beach Towing + 52 from Tremont Towing = 126) which amounted to \$3,245 (\$2,015 Beach Towing + \$1,230 Tremont Towing = \$3,245) owed to the City.

Difference Between LERMS Data and Munis Data						
	Beach Towing	Beach Towing	Tremont Towing	Tremont Towing	Total Count of TowNumber	Total Sum of Amount Due to the City
	Difference in Tow Count (LERMS-Munis)	Difference (LERMS-Munis)	Difference in Tow Count (LERMS-Munis)	Difference (LERMS-Munis)	Tow Count (LERMS-Munis)	Total Difference (LERMS-Munis)
2017	21	\$ 605.00	5	\$ 50.00	26	\$ 655.00
Oct	4	\$ 105.00	1	\$ 5.00	5	\$ 110.00
Nov	15	\$ 445.00	5	\$ 135.00	20	\$ 580.00
Dec	2	\$ 55.00	-1	\$ (90.00)	1	\$ (35.00)
2018	53	\$ 1,410.00	47	\$ 1,180.00	100	\$ 2,590.00
Jan	6	\$ 155.00	5	\$ 95.00	11	\$ 250.00
Feb	4	\$ 115.00	2	\$ 30.00	6	\$ 145.00
Mar	0	\$ (25.00)	2	\$ 45.00	2	\$ 20.00
Apr	1	\$ 35.00	3	\$ 85.00	4	\$ 120.00
May	1	\$ 25.00	5	\$ 155.00	6	\$ 180.00
Jun	10	\$ 255.00	11	\$ 295.00	21	\$ 550.00
Jul	11	\$ 315.00	3	\$ 60.00	14	\$ 375.00
Aug	5	\$ 145.00	9	\$ 235.00	14	\$ 380.00
Sep	3	\$ 95.00	2	\$ 45.00	5	\$ 140.00
Oct	12	\$ 295.00	5	\$ 135.00	17	\$ 430.00
Grand Total	74	\$ 2,015.00	52	\$ 1,230.00	126	\$ 3,245.00

OIG staff determined that the permit fees per tow were not billed in accordance with Sections 3 and 21 of the Towing Permits. The Police Department did not track instances in which the City is to receive less than the \$30 maximum per towed vehicle (City vehicles = \$0, abandoned vehicles = \$20 and Miami Beach residents' vehicles = \$25) during the audit period. Instead they continually assumed that all vehicles in their monthly reports forwarded to the Finance Department are to be billed at the \$30 rate each except for one or at most two \$25 resident tows during the audit period.

Due to concerns about the completeness of the number of tows billed, impound vehicle disposition reports for all 11 categories were requested and a reconciliation of the number of tows stored in LERMS with the number of tows billed to both companies was performed for the audit period. The reconciliation included tows billed at either \$30 for non-residents or \$20 for abandoned vehicles; however, there was no means to determine the number of resident tows (billed at \$25 each), since they are not documented by the Police Department's VRO. If the percentage of residential tows for Police Department requested tows was the same as for Parking Department requested tows during the audit period (3.95%), it was estimated that the tow companies may have been overbilled by the Police Department at \$160 for Tremont Towing and \$150 for Beach Towing for the 13-month period tested.

It was noted that the billing discrepancies occurred due to the source of data used to compose the monthly billing memorandums, as they were not capturing all the different types of tows. The impound vehicle disposition reports used for the monthly billings provided limited tow counts contributing to the underbilled amounts mentioned above. Additionally, the absence of an analysis of the tow receipts to determine whether police tows are for residents, non-resident, or abandoned contributed further to the billing discrepancies.

Lastly, police officers' reports filed by the PSCU are assigned a police case number along with an impound number in the City's CAD System for any corresponding tows requested.

However, police officers complete VSRs for tows by annotating the police case number and not the impound number associated with the tow. During our review, VSRs requested from the PSCU were provided when located; however, the PSCU advised that since all tow cases are filed by police case number, a physical search of police case files in the Records Division is required to view copies of VSRs and their corresponding tow receipts.

#### Recommendations:

The Parking Department Director should require as follows:

- a. The Office Associate IV should invoice Beach Towing \$5,652 and Tremont Towing \$15,925 for the identified net underbilling during the audit period, and perform a similar analysis of all billed amounts after October 31, 2018, to determine their accuracy;
- b. Designated staff should perform timely follow-up reviews to ensure that all blank or unbilled entries are accurately recorded in the Excel spreadsheet so that the proper amounts are billed to each tow company. If any blank or unbilled entries exist at the end of the month and have not been timely explained by the applicable tow company, then the Coin Room staff should assume that the transaction represents a \$30 nonresidential tow;
- c. The Senior Management Analyst in charge of the invoicing process should:
  - lock the underlying Excel formulas so that they cannot be changed, and should also combine reporting whether the tow involves an abandoned, Miami Beach resident or non-resident vehicle into one column to help avoid the possibility of duplicates and overbillings;
  - verify that all sequential tow numbers are present each month and periodically review the spreadsheet's accuracy to ensure that the tow companies are accurately invoiced;
  - add a column in the Excel spreadsheet to record the time that the customer retrieved the vehicle to facilitate the City's review of storage and after-hours fees;
  - reconcile the number of tows billed each month to the Excel spreadsheet to confirm that the correct amounts are billed.

The Police Chief should require that designated staff:

- a. Determine the optimal method to accurately calculate each month how many tows are to be billed: \$30, \$25, \$20 or \$0. Options to consider include maintaining an Excel spreadsheet similar to the one prepared by the Parking Department, highlighting abandoned and residential tows on the LERMS data report and attaching the system supporting documentation.
- b. List the vehicle impound number on the VSR to facilitate identification going forward and to expedite the reconciliation and billing process.

Lastly, the Chief Financial Officer should instruct Finance Department personnel to invoice Beach Towing \$1,865 (\$2,015 - \$150) and Tremont Towing \$1,170 (\$1,230 - \$160) for unbilled permit fees owed to the City for Police Department requested tows performed between October 1, 2017 and October 31, 2018.

#### Parking Department's Response:

*In December 2018, Parking Administration began an internal review of monthly tow invoice discrepancies dating back to October 2016. As a result of this review, 252 tows performed by Beach Towing were identified as unbilled resulting in a balance due of \$7,835 owed to the City. Additionally, 722 tows performed by Tremont Towing were identified as unbilled resulting in a balance due of \$21,780 owed to the City. In April 2019, Beach Towing was invoiced for their respective true-up balance due with INV# 19738, payment towards this invoice and posted on May 16, 2019. In May 2019, Tremont Towing was invoiced for their respective true-up balance due with INV#20280 and payment towards this invoice posted on June 13, 2019. Finally, in March 2019 Parking Administration implemented quarterly towing true-up reviews*

*designed to reconcile delayed or undocumented towing records with the appropriate invoice classification outlined in the tow permit and to escalate missing supporting documentation to management.*

*As of February 2020, the cells and formulas included in the monthly tow Invoice excel workbooks for Tremont and Beach Towing are secured and password protected.*

Parking Department's Implementation Date:

*All action items related to these findings have been implemented.*

Police Department's Response:

*Entering a vehicle impound number on Police VSRs would not have any impact on reconciliation or billing and would only add an additional burden to officers in the field with no appreciable efficiency gained. All documentation for police cases are filed by case number. In no way does the Police Department want to start a parallel system organized by vehicle impound number. All Police VSRs are filed by police case number in the case file and available through the Records Management Unit. With regards to the billable amounts, this would require personnel to be present at the tow companies to confirm residency at the time of release.*

Police Department's Implementation Date:

None

Finance Department's Response:

*Beach Towing and Tremont Towing were invoiced \$2,015 and \$1,230 respectively on 2/28/2019.*

Finance Department's Implementation Date:

*This was completed on 2/28/2019.*

**Finding #2: Police Department Tow Invoices were Prepared After the Designated Billing Dates and Contained Incorrect Due Dates**

Section 3 of the Towing Permits states "The City shall bill Permittee (Beach Towing and Tremont Towing), by the 10th of each month, for all tows occurring in the previous month. A late charge of \$50.00, plus the greater of (i) eighteen percent (18%) interest per annum, or ii) the maximum rate allowable under Florida law, shall be assessed on all payments received after the 20th day of the billing month."

Both Beach Towing and Tremont Towing are to receive two separate invoices each month from the City, one for Parking Department requested tows and one for Police Department requested tows. As a result, each tow company is to receive a total of 26 invoices from the City during the 13-month audit period. An Office Associate IV in the Parking Department prepared their monthly invoices while a Financial Analyst I in the Finance Department created the Police Department's requested invoices based on the information received.

Testing found that both towing companies' Parking Department monthly invoices were prepared on the same day during the audit period. Similarly, the Financial Analyst I prepared the Police Department's monthly invoices on the same day. A review of the City's enterprise resource planning system (Munis) determined that fourteen of the 52 monthly billings (26 annual invoices x 2 towing companies) or 26.92% were prepared after Section 3's stated deadline of the 10<sup>th</sup> of each month.

More specifically, the Financial Analyst I prepared twelve of the 26 Police Department requested towing invoices or 46.15% after the due date ranging from a low of two days late for December 2017 to a high of 33 days late for November 2017. Testing could not determine the underlying reasons for their late preparation and whether the delays could be attributed to the Police Department, the Finance Department or both.

Meanwhile, the Parking Department's Office Associate IV created both towing companies' invoices timely during the audit period except that invoices for November 2017 were prepared one day late. When notified, the Parking Department provided documentation showing that the Munis System was going through the fiscal year-end closing process; therefore, an actual invoice could not be processed until December 11. Consequently, the Office Associate IV contacted the tow companies via email explaining that the invoice would not be created until December 11, and they were provided with the amounts due for the month of November 2017. Given the circumstances, OIG staff concluded that the Parking Department properly handled this unforeseen delay, and therefore all tested 26 tow invoices were deemed to have been timely created.

As stated in Section 3 of the Towing Permits, the corresponding payments are due by the 20<sup>th</sup> day of the same month or a \$50 late charge plus interest shall be assessed at the specified rates. However, the reviewed Police Department towing invoices incorrectly listed a due date of 30 days from the billing date instead of the designated 20<sup>th</sup> day of the month for the invoices created by the Financial Analyst I.

Consequently, OIG staff opted to use the 20<sup>th</sup> day of the month as the benchmark for all Parking Department requested tows and to accept the incorrect due date of thirty (30) days from the billing date as the due date for Police Department requested tows. In doing so, it was found that 25 of the 26 Parking Department invoiced payments (96.15%) were received timely from the towing companies. Only Tremont Towing's April 2018 payment was received two days after the stated May 20, 2018 due date for which the Parking Department's Office Associate IV properly billed \$75.05 in interest, which was paid in full.

Meanwhile, four of the tested 26 monthly Police Department requested tow invoices were paid after the stated due date. Tremont Towing's November 2017, December 2017, March 2018 and October 2018 payments were all received late ranging from a low of one day to a high of 26 days. Immediately upon being discovered by OIG staff, Tremont Towing was notified via email on January 8, 2019 that the October 2018 payment had not yet been remitted. Once notified, they sent their payment in full via wire transfer on the same day, preventing it from being even more delinquent than the 26 days. Lastly, total interest of \$235.92 was not billed to Tremont Towing for the four late Police Department payments.

Recommendations:

- a. The Police Chief should inform designated staff to timely calculate the amount to invoice each tow company and to forward this information to the applicable Financial Analyst I by the 7<sup>th</sup> day of each month.
- b. The Chief Financial Officer should instruct the Financial Analyst I to timely prepare all Police Department requested towing invoices by the 10<sup>th</sup> day of each month.
- c. The Chief Financial Officer should instruct the Financial Analyst I that Police Department invoices should specify that the due date for the corresponding payment is the 20<sup>th</sup> day of the same month that it was billed.
- d. The Chief Financial Officer should instruct staff to monitor when the tow companies' monthly payments are received to determine their timeliness, if remitted after the due date, the corresponding late charge invoice of \$50 plus 18% interest should be promptly prepared.

Police Department's Response:





contradictory language concerning whether the usage of dollies is included in the \$140 Class A hook-up fee or they are to be added as a separate \$40 additional charge per Section 22(H)(4). In summary, the City Attorney's Office concluded that it was an inadvertent scriveners' error, so it was being properly charged as a separate line item by the tow companies during the audit period.

- b. Section 22(H)(3) of the Towing Permits states, "*Administrative fee: \$35.00 maximum per tow*". However, it is not defined or addressed in any other sections of the Towing Permits, so OIG staff was unsure as to when it is to be charged to customers and how it differs from the \$30 administrative charge. In actuality, testing found that Beach Towing and Tremont Towing charged this \$35 administrative fee to 98.53% and 99.73% respectively to their tow customers. When questioned, the tow companies' representative in a January 23, 2019 email said that the administrative fee is assessed in connection with the administration of the towing program and compliance with the rules and regulations of the Towing Permits.
- c. Section 22(H)(6) of the Towing Permits states "*An After-Hours Fee may be assessed for tows retrieved between the hours of 8:00 PM and 8:00 AM. \$30.00*". When reading this section, the wording appeared straightforward, meaning that the \$30 fee would be applicable whenever the vehicle is retrieved by its owner any day between the hours of 8:00 PM and 8:00 AM. However, testing determined that both tow companies were charging this after-hours fee when vehicles are towed not only between 8:00 PM and 8:00 AM, but also from 8:00 PM Friday through 8:00 AM Monday (all weekend).

Testing confirmed that these after-hours fees were consistently charged to customers based on this practice. Both Beach Towing and Tremont Towing included these fees on the Towing Bill of Rights disbursed to their customers and on the signage prominently displayed at their offices. As a result of charging the after-hours fee consistently throughout the weekend, the frequency in which the \$30 fee is charged to their tow customers significantly increased.

When questioned, Parking Department management said that they were aware that the after-hours fee was being charged all weekend. They continued to state that the Towing Permit's intent was to charge the after-hours fees for all vehicles retrieved by customers outside of normal business hours, which is from 8:00 PM till 8:00 AM Monday through Friday. OIG staff requested written documentation to determine the accuracy of these statements since they appeared to differ from Section 22(H)(6)'s stated terms.

In response, the City Attorney's Office provided Resolution No. 2006-26100 which approved the Towing Permits with Beach Towing and Tremont Towing for the three-year period commencing on March 1, 2006 with a two-year option term at the sole discretion of the City. The attached January 11, 2006 Commission Memorandum stated the following "*After Hrs Fee\* \$30 (imposed Monday thru Friday from 8:00 p.m. to 8:00 a.m. and on weekends starting at 8:00 p.m. on Friday thru 8:00 a.m. on Monday*".

No other documentation could be found in the months that have transpired since to explain the more stringent wording in the current Towing Permits. The City Attorney's Office concurred that it would be logical to continue to apply this after-hours fee to all tows occurring between Friday 8:00pm and Monday 8:00am under the current Towing Permits.

- d. The Towing Bill of Rights disbursed to impounded vehicle owners and, on the signage, prominently displayed at their offices states that the "Towing companies must provide at least two options for payment: cash, money orders, travelers' checks or personal checks." This statement contradicts Section 23 of the Towing Permits which states, "Permittee shall accept the following as acceptable forms of payment: cash, travelers' checks, personal bank checks drawn on a bank in Miami-Dade, Broward, or Monroe Counties, or credit cards."

Although the tow companies are compliant with the above section by not accepting debit and/or credit cards, a comprehensive report made by the Federal Reserve Bank of San Francisco<sup>1</sup> revealed that cash payments are third in line of preference, after debit and credit cards respectively, and that the preference for cash has decreased over the recent years. Moreover, the study illustrates that using cash as a payment instrument decreases significantly based on the purchase amount, from a 49% usage in transactions under \$10 to barely 6% for transactions over \$100. Furthermore, three of the 15 complaints (20%) examined during the audit period included grievances claiming that the tow companies accepted only cash payments.

The City contracted with Walker Consultants who issued a report that was last revised on December 10, 2018 regarding the maximum allowable towing rates. Excluding Miami Beach, this report showed that seven (7) of the nine (9) studied cities and counties (77.78%) accepted either debit and/or credit cards. The seven (7) included Broward County, the City of Key West, the City of Miami, Monroe County, Pinellas County, Palm Beach County and Tampa. Conversely, the two cities that did not accept either debit and/or credit cards were Daytona Beach and Panama City Beach.

- e. Section 22(B) through (E) of the Towing Permits details the hook-up fees to be charged ranging from \$140 for Class "A" tows to \$200 for Class "D" tows. The hook-up fee is a standard charge that is typically levied against all towed vehicles. In summary, the Towing Permits require the applicable tow company to bill hook-up fees based on the class of the wrecker/tow trucks and/or car carrier as defined in Section 11 of the Towing Permits.
  - A. Class "A" wreckers and slide back car carriers - commercially manufactured unit, with a rated capacity of not less than 10,000 pounds, GVW (gross vehicle weight)
  - B. Class "B" wreckers - commercially manufactured units, with a rated capacity of not less than 18,000 pounds, GVW  
Class "B" slide back car carriers – commercially manufactured unit, with a rated capacity of not less than 20,000 pounds, GVW
  - C. Class "C" wreckers – commercially manufactured unit, with a rated capacity of not less than 36,000 pounds, GVW

The Towing Permits do not similarly define a Class "D" wrecker in the Towing Permits so it was assumed that it would contain a rated capacity of equal to or more than 36,000 pounds (the maximum weight limit for Class "C" wreckers).

Furthermore, the Towing Permits state that hook-up fees are to be charged based on the capacity of the wrecker, regardless of the size of the vehicle. A legal opinion from the City Attorney's Office was requested to confirm this interpretation, and the following response was received:

"The maximum allowable rate to be charged by Beach Towing Services, Inc. or Tremont Towing, Inc. (collectively, the "Towing Permittees") for any vehicle tow must be based upon, and solely depend on, the Gross Vehicle Weight ("GVW") of the actual vehicle being towed, irrespective of the classification of the wrecker ("A", "B", "C" or "D") which is utilized for the towing of said vehicle by the respective Towing Permittees.

In other words, pursuant to the Towing Permits, there is no prohibition on the Towing Permittees employing a wrecker with a rating capacity greater than necessary to accomplish the tow of a particular vehicle. However, should the Towing Permittees utilize a wrecker with a rating capacity

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<sup>1</sup> <https://www.frbsf.org/cash/publications/fed-notes/2019/june/2019-findings-from-the-diary-of-consumer-payment-choice/>

greater than necessary to effectuate the tow of a particular vehicle (when a wrecker of a lesser rating capacity could safely carry out such tow), then the affected customer should only be charged based upon the rates set forth in the Towing Permits for the lowest rated (least expensive) wrecker class that could have been utilized to accomplish the tow based upon the towed vehicle's GVW."

Recommendations:

The City Administration and City Commission should consider that the next Towing Permits:

- Be thoroughly reviewed to avoid any contradictory or confusing terms such as those mentioned above and to thoroughly define all terms and charges so that all parties can clearly determine whether they were charged correctly and/or were properly compensated.
- Require both tow companies to accept debit and/or credit cards as a form of payment. Also, the Towing Permits and the Towing Bill of Rights need more clarity and should be in agreement.
- Include financial penalties that either the City and/or the vehicle owner could levy against the tow companies in the event of verified overbillings.

Parking Department's Response:

*The Administration will conduct a comprehensive review of all towing permit provisions and address any inconsistencies. Additionally, the Administration will develop and incorporate performance standards and related penalties in order to strengthen compliance of permit requirements.*

Parking Department's Implementation Date:

*The Administration will address any inconsistencies in the towing permits upon the completion of internal and external audits.*

Police Department's Response:

*The Police Department takes no position on the towing rates for the particular classes of vehicles. The burden should be on the Tow Operators to document their services correctly and penalties should be imposed if irregularities are found during audits.*

Police Department's Implementation Date:

None

Finding #4: **Formal Complaint Logs are not Maintained**

Section 29 of the Towing Permits states "Any complaints received by the City concerning a violation by Permittee of Article V, Division 2, Sections 106-211 through 106-255 of the City Code, or these Administrative Rules and Regulations (including, without limitation, misconduct, excessive charges, poor business practices, damage to vehicles, etc.) shall be referred to the City's Chief of Police or to the City's Parking Director for investigation (depending on which City department originated the tow). The respective department shall use reasonable efforts to notify Permittee (whether verbally or in writing) of any such complaints (including the specific nature thereof) within five (5) business days from receipt of the complaint. The Permittee shall provide written explanation and information with respect to the particular complaint, within five (5) business days from notice by the City. Permittee's response shall include identification of any proposed resolutions(s) and corrective measure(s) to be taken.

*A written disposition of the complaint will be forwarded to the Permittee (and complainant) upon completion of the City's investigation. The City Manager reserves the right, in his sole discretion, to require Permittee to refund all or any portion of the towing fees to a complainant, as liquidated*

*damages, should the City rule in favor of the complainant.*

*If there have been three (3) or more substantiated complaints filed with the City within a ninety (90) day period during the Permit term, the City Manager may suspend the Permit for a period of up to thirty (30) days, with no reduction in the Permit fee."*

When questioned, the City's Parking and Police Department staff both stated that they do not keep formal logs, but they assured OIG staff that they respond to and investigate all received complaints. In response, the Parking Department provided emails for nine public and private tow complaints received during the audit period. In reviewing these emails, it became evident that the information was incomplete. For example, the email chain provided did not always include the initial email containing the customer's original complaint, the reader cannot tell which represent public or private tows, four of the seven pertinent Miami-Dade County complaints referenced below were not present, etc.

Therefore, OIG staff could only perform test on the nine emails provided to determine if they were compliant with Section 29 of the Towing Permits. As a result, the Parking Department investigated five of the complaints, and it was concluded that they either had no merit or they were satisfactorily resolved between the two parties. More specifically, substantiated complaints on two public tows concerning Beach Towing were filed with the Parking Department on August 16, 2018 and September 21, 2018. Another substantiated Beach Towing complaint was received on November 1, 2018 by the Parking Department but based on the emails provided it cannot be determined whether it was a public tow or a private tow. If it was a public tow, then the City Manager was to have been notified to decide whether to suspend Beach Towing's permit in accordance with Section 20 of the Towing Permit. If it was a private tow, then no further action would be necessary.

Nothing to date has been provided concerning the resolution of the remaining four received complaints from the Parking Department.

OIG staff also contacted Miami-Dade County to determine the number of complaints that they have received and their corresponding resolution. They provided documentation showing that they had received nine complaints between May 1, 2018 and October 31, 2018. Of these complaints, two were closed by Miami-Dade County and the remaining seven were referred to the City's Parking Department for resolution as the County does not have applicable jurisdiction in Miami Beach.

Three of the remaining Miami-Dade County complaints were included in the nine previously received from the City's Parking Department. One of these complaints, created on August 20, 2018 (issue #2018-7186), was found to have merit, as the customer attached camera footage from neighboring businesses confirming that a dolly or flatbed service was not used proving that they were wrongfully charged. This tow customer's persistence provided the basis for the Miami New Times Article dated August 23, 2018, entitled "*Miami Beach Cracks Down on Bogus Flatbed Fees From Towing Companies*". Finally, documentation was provided showing that the last four complaints referred to the City's Parking Department by Miami-Dade County were investigated and were properly responded to.

#### Recommendations:

- a. The Parking Department Director and the Police Chief should require that their designated staff maintain a formalized log that records all received complaints and documents whether timely resolution occurred in compliance with Section 29 of the Towing Permits.
- b. A City designated helpline and/or email address should be established to centralize and document all customer complaints to help ensure that they are timely investigated and resolved with the tow companies.
- c. The City Administration should revise the Towing Permits to specify a fixed, agreed upon

amount that is to be paid directly to the City by the applicable tow company to help offset City staff's wages for time spent in researching valid complaints as determined solely by the City.

Parking Department's Response:

*The Parking Department will develop a Towing Log of Complaints (TLC) for tracking purposes, including a helpline. The incorporation of performance standards and related penalties shall serve to offset staff time expense related to researching valid complaints.*

Parking Department's Implementation Date:

*The Administration will incorporate these recommendations as a component of the towing permits. Implementation will be upon approval of the towing permits by the City Commission.*

Police Department's Response:

*Although, the Police Department does not investigate civil matters, complaints/calls for service are available via the CAD system and include a disposition. We respond to and investigate criminal matters, including all allegations of criminal conduct involving the Tow Operators. There is no designated staff able to receive, log, track, make notifications, or investigate civil matters related to tow disputes. Police already respond to dozens of calls each month related to towing and placing an additional administrative burden on patrol officers or other police staff to track and follow up with complaints and dispositions for what amount to civil or permitting matters would be unduly onerous.*

Police Department's Implementation Date:

None

Finding #5: **Lack of Information to Determine Tow Response Times**

Section 14 of the Towing Permits states "*Permittee shall respond to requests for tows within twenty (20) minutes of receipt of the request. In the event that Permittee cannot respond within twenty (20) minutes, it shall notify the requesting City party of the estimated time of delay and the reasons thereof, and the City shall have the option, at its sole discretion, to cancel the request and contact another Permittee, without cost and/or other liability to the Permittee to which the initial request for tow was directed.*"

Testing found that the requested tow truck operator's arrival time is reported to the Parking Department's Dispatcher and is tracked in LERMS. In addition, OIG staff reviewed Parking Department Enforcement Officers' body camera footage of sampled tows from October 9 through October 22, 2018, whereby it was confirmed that all appeared to arrive within twenty (20) minutes in accordance with Section 14.

A review of the Police Department's maintained documentation found that the tow truck operator's arrival time is not reported. Although police officers' body camera footage was similarly reviewed, it was more difficult to determine the tow trucks arrival time as the officers were more occupied with handling the situation (interviewing the individuals to determine how and why the traffic accident occurred, completing the required paperwork, arresting individuals when needed, among others). Where the footage allowed, it was determined that sampled Police Department tows satisfied the twenty-minute goal.

Inquiries with Parking and Police Department staff found that they are not aware of any instances whereby the other tow company was contacted because the initial one did not arrive timely. In addition, it may result in a longer overall waiting period because the initial contacted company is most likely in transit and the newly contacted company must assign a tow truck operator which could take upwards of twenty minutes depending on availability.

Recommendations:

No further action is necessary except that it is recommended that the tow truck operator's arrival time should be recorded on the VSR to help track compliance with the twenty-minute goal. If a trend forms and persists whereby one company is repeatedly not arriving timely, then it should be addressed with their management. Otherwise, the twenty-minute goal should not necessarily be strictly enforced as the objective is not to potentially have tow truck operators speeding and/or driving recklessly through the City's streets as they try to satisfy Section 14's terms.

Finding #6: **Lack of Information on Tow Companies not Alternating**

Based on inquiries with Parking Department management, Dispatchers are to manually alternate towing requests between the two companies as the process is not automated. If alternating companies are not followed at any given time, compensatory measures are to be taken to help ensure that an equal share of overall towing requests exists. For example, if Beach Towing inadvertently received two towing requests in a row, then Tremont Towing is to receive two in a row once the oversight is identified.

Testing was performed to determine the number of tow requests alternating between the two companies for Parking Department requested tows. A total of 23,844 Parking Department requested tows (includes unbilled tows) recorded through the LERMS system were analyzed for the 13 months between October 1, 2017 and October 31, 2018. The corresponding results are presented below:

<b>Results</b>	<b>Count</b>	<b>Percentage</b>
Alternating:	23,474	98.45%
Not Alternating:	369	1.55%
Last in List (not able to be compared/Tremont)	1	0.0%
Total:	23,844	100.0%
<b>Results for "Not Alternating"</b>		
Not Alternating - to the benefit of Tremont Towing:	169	0.71%
Not Alternating - to the benefit of Beach Towing:	200	0.84%
Total for Tremont:	11,907	49.94%
Total for Beach:	11,937	50.06%

Although no alternation occurred in 1.55% of the requested public tows, the subsequent breakdown showed that this difference was typically corrected. In summary, Beach Towing performed on a net basis, 15 more public tows than Tremont Towing ( $11,937 - 11,907 = 30/2 = 15$ ) during the 13-month audit period ( $((23,474/2) + 200 - 15 = 11,922 \times 2 \text{ companies} = 23,844 \text{ total})$ ). This immaterial 0.0629% difference ( $15/23,844$ ) was not investigated further as in some months one company had more tows and, in some months, the other company had more. Exhibit 2 below provides a graphical depiction of the percentage share of towing services assigned to each company per month.

However, the Parking Department does not maintain any documentation indicating why one tow company was bypassed and why the other company received more tows. As the Dispatchers are to manually alternate towing requests between the two towing companies, there remains the possibility that more significant differences could exist either in previous periods not reviewed or in the future.

Recommendations:

The Parking Department Director should instruct its Dispatchers to document the reasons why one tow company received sequential tow requests over the other company. The Excel



spreadsheet prepared at month's end should indicate a maximum difference of one unless the underlying reasons are documented. If not, the current Dispatcher(s) should be notified so that the difference could be subsequently corrected to help avoid any potential disagreements.

Parking Department's Response:

*The Parking Department Director will instruct Parking Dispatchers to document, on CADD, the reasons why one tow company received sequential tow requests over the other company.*

Parking Department's Implementation Date:

*This feature will be implemented on July 6, 2020.*

**Finding #7: Lack of Oversight Concerning Insurance Coverage**

Section 4 of the Towing Permits specifies the required insurance coverage that is to be in full force and effect at all times throughout the term. A copy of Beach Towing and Tremont Towing's current insurance policies were requested and promptly received from the City's Parking Department. As it had not been previously reviewed by the City's Risk Management Division for sufficiency, OIG staff met with their staff on January 31, 2019 and the following deficiencies were identified:

- a. Neither tow company provided evidence that either workers' compensation coverage was maintained or had submitted a document stating that they have four or fewer employees and are not required to maintain this coverage.
- b. The City is not named as an additional insured in the "Description of Operations/ Locations/Vehicles" section by either tow company.
- c. The certificate holder for Tremont Towing should be the City of Miami Beach and not a specific City department.

Per City Resolution No. 2018-30244, the City contracted with Exigis, LLC to provide a certificate of insurance tracking system for contractors, firms or individuals doing business with the City to help ensure that they carry and maintain the appropriate levels of insurance. Neither towing companies' insurance coverage terms were provided to the Human Resources Department's Risk Management Division for uploading into the Exigis, LLC system to facilitate identifying any deficiencies.

Recommendations:

- a. Going forward, Section 4's terms and both tow companies' insurance policies should be uploaded into the Exigis, LLC System to help ensure that they are compliant.
- b. The Parking Department Director and/or Police Chief should instruct their designated staff to periodically verify that Beach Towing and Tremont Towing maintain the required insurance coverage in accordance with the Towing Permits.

Parking Department's Response:

*The Parking Department Director has coordinated the inclusion of the both towing permits in the Exigis, LLC System with the Procurement Department Director.*

Parking Department's Implementation Date

*The inclusion of both towing permits on the Exigis, LLC System has been completed.*

Police Department's Response:

*The Permit says that this needs to be filed with the City's Risk Manager.*

Police Department's Implementation Date:

None

**Finding #8: Several Noted Miscellaneous Parking Department Deficiencies**

The following miscellaneous shortcomings pertaining to the Parking Department were noted during testing:

- a. Standard Operating Procedures are beneficial as they serve as a benchmark to measure individuals' performance and as an instruction manual in the event employees are out of the office for whatever reason. The provided Parking Department's Standard Operating Procedures concerning towing are incomplete and too simplistic as they do not adequately detail employee's roles involved in the process. The electronic copy furnished was last revised on November 2014 and was not signed by the Parking Department Director.
- b. In the Miami New Times Article dated August 23, 2018 entitled "Miami Beach Cracks Down on Bogus Flatbed Fees From Towing Companies" article, Parking Department management stated that they informed both tow companies to only charge dollies or flatbed service fees if they were used in public view with a City agent present to verify that such equipment was utilized. However, testing found that the Parking Enforcement Specialists (PESs) present when the tows occur are not documenting the VSRs when the usage of the dollies and flatbed services are warranted. As the PESs do not subsequently review Beach Towing's actual charges to their customers, they would not be aware if any dollies and flatbed services fees charged are correct.

**Recommendations:**

The Parking Department Director should ensure that:

- a. The Parking Department's Standard Operating Procedures are updated to better depict current operations and they should be properly approved.
- b. The PESs present when vehicles are being towed should record the complete tows with their body cameras going forward to help resolve any future billing questions or complaints. They should also document on the VSRs when dollies or flatbed services are being used and when the tow truck operator enters the vehicle at the tow location. The next Towing Permits should include language stating that the corresponding tow companies should not invoice the associated dollies and flatbed services and/or labor to engage/tow fees to their customers unless the VSRs are noted as such.

**Parking Department's Response:**

- a. *The Parking Department Director had all related standard operating procedures updated and executed, including:  
Parking – Quarterly Tow Invoice True-Up – 3/19/20  
Parking – Monthly Tow Release Request – 4/1/20  
Parking– Monthly Tow Invoice – 5/21/20*
- b. *PESs have been noting on the VSR as well as body camera footage any use of dollies or flatbed services since September 2018. The customer's invoice for dollies or flatbed services will be addressed in the revision and update of the towing permit provisions.*

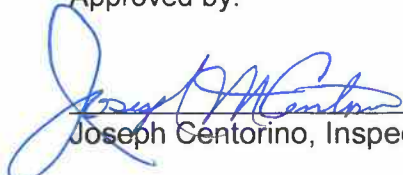
**Parking Department's Implementation Date:**

*All miscellaneous deficiencies noted in Finding No. 8 were addressed and completed on the dates referenced above.*

**EXIT CONFERENCE**

As identified deficiencies were forwarded to the auditees during the audit process and an exit conference was previously held, another meeting was not deemed necessary. Instead, the draft report was sent via email to the auditees on June 23, 2020 and they were given 30 working days to provide their management responses in adherence to City Ordinance No. 2019-4239. The management responses received are included herein.

Approved by:

  
\_\_\_\_\_  
Joseph Centorino, Inspector General

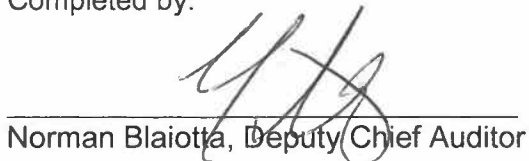
09/24/2020  
Date

Reviewed by:

  
\_\_\_\_\_  
Mark Coolidge, Chief Auditor

09/24/20  
Date

Completed by:

  
\_\_\_\_\_  
Norman Blaiotta, Deputy Chief Auditor

09/24/2020  
Date

cc: Jimmy L. Morales, City Manager  
Eric Carpenter, Assistant City Manager  
Saul Frances, Parking Director  
Richard Clements, Police Chief  
John Woodruff, Chief Financial Officer  
Michael Smith, Human Resources Department Director