



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

*Operating efficiently and effectively*

## **EPA Paid \$1.5 Million for Subsidized and Unoccupied Parking Spaces Over a 2-Year Period**

Report No. 18-P-0036

November 8, 2017



## Report Contributors:

Catherine Allen  
Michael D. Davis  
Heather Layne

## Abbreviations

CFR	Code of Federal Regulations
CY	Calendar Year
EPA	U.S. Environmental Protection Agency
FMSD	Facilities Management and Services Division
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
IRS	Internal Revenue Service
OARM	Office of Administration and Resources Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
SRO	Senior Resource Official
U.S.C.	United States Code

**Cover photo:** Garage parking ramp outside the Washington, D.C., Ronald Reagan Building at 13½ Street, off Pennsylvania Avenue. (EPA OIG photo)

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# At a Glance

## Why We Did This Review

The Office of Inspector General (OIG) conducted an audit of the U.S. Environmental Protection Agency's (EPA's) subsidy programs for employee parking. The objective of this audit was to identify and analyze risks in the programs.

In 1984, Congress adopted the Deficit Reduction Act, which identifies employer-provided parking as a fringe benefit (i.e., compensation beyond direct wages and salaries). However, there is no law that requires federal agencies to provide this fringe benefit to their employees. In addition, Office of Management and Budget (OMB) Memorandum M-17-22 directs agencies to examine the total cost of their personnel—including employee-related costs such as salary, benefits, employee services and office expenses—to achieve workforce reductions and cost savings.

### This report addresses the following:

- *Operating efficiently and effectively.*

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## EPA Paid \$1.5 Million for Subsidized and Unoccupied Parking Spaces Over a 2-Year Period

### What We Found

Only EPA headquarters (based in Washington, D.C.) and Region 4 (based in Atlanta, Georgia) subsidized employee parking. These offices paid over \$840,000 to subsidize employee parking from January 1, 2015, through December 31, 2016. In this time period, none of the other EPA regional offices provided their employees with subsidized parking, which is not a required employee benefit.

**The EPA paid \$840,000 for subsidized parking and \$690,000 for unoccupied parking spaces over a 2-year period.**

In addition, we found that internal controls for subsidized employee parking could be improved in three areas: the allocation of "unusual hours" parking spaces, the verification of carpool participants, and the reconciliation of EPA parking records with monthly reports that detail the actual use of parking spaces.

We also found that, from January 2015 through December 2016, 29 percent of the parking spaces that headquarters leased for its employees and 27 percent of the parking spaces that Region 4 leased for its employees remained unoccupied. The EPA paid approximately \$690,000 for these unoccupied parking spaces.

EPA staff stated that federal laws allowed the agency to provide parking subsidies to employees. However, Executive Order 13693 touts federal air quality goals, and no law requires subsidized parking to be a mandatory employee benefit. Consequently, the EPA was using valuable resources to subsidize employee parking when the funds could be put to better use in mission-critical programs.

### Recommendations and Planned Agency Corrective Actions

We recommend that EPA headquarters and Region 4 comply with OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, and decide whether the costs of providing subsidized parking are justified. If not, we recommend that the EPA eliminate or reduce the parking subsidy. The two offices should also verify the validity of carpools, determine the appropriate number of spaces needed, and return unneeded parking spaces to the U.S. General Services Administration. In addition, we recommend that EPA headquarters review monthly parking records to determine actual parking spaces required and used.

EPA headquarters and Region 4 concurred with all of our recommendations and provided corrective actions with milestone dates, including no longer offering reduced-rate parking to headquarters employees or free parking to Region 4 carpool participants. Recommendations 1 through 5 and Recommendation 9 are completed. The proposed corrective actions for Recommendations 6 through 8, when completed, will meet the intent of the recommendations.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

November 8, 2017

**MEMORANDUM**

**SUBJECT:** EPA Paid \$1.5 Million for Subsidized and Unoccupied Parking Spaces  
Over a 2-Year Period  
Report No. 18-P-0036

**FROM:** Charles Sheehan, Deputy Inspector General *Charles J. Sheehan*

**TO:** Donna Vizian, Acting Assistant Administrator  
Office of Administration and Resources Management

Trey Glenn, Regional Administrator  
Region 4

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). The project number for this audit was OA-FY16-0221. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends.

The EPA's Office of Administration within the Office of Administration and Resources Management and Region 4's Facilities, Grants and Acquisitions Management Branch are responsible for implementing the recommendations.

**Action Required**

In accordance with EPA Manual 2750, your offices provided completed and planned corrective actions with completion dates in response to OIG recommendations. Therefore, a response to the final report is not required. The OIG may make periodic inquiries on your progress in implementing these corrective actions. Please update the EPA's Management Audit Tracking System as you complete planned corrective actions. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with the corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

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# Chapter 1

## Introduction

### Purpose

The Office of Inspector General (OIG) conducted an audit of the U.S. Environmental Protection Agency's (EPA's) subsidy programs for employee parking. The objective of this audit was to identify and analyze risks in these programs.

### Background

The federal parking subsidy originated in 1984 when Congress adopted the Deficit Reduction Act. This act specifically defined employer-provided parking as a fringe benefit, enabling the exclusion of qualified parking costs from taxable income.<sup>1</sup> This benefit is outlined in Public Law No. 98-369 and is codified with amendments in 26 U.S.C. § 132(f).

The Federal Management Regulations, located at 41 CFR Part 102, state that the federal government is “to offer employees transportation fringe benefits.”<sup>2</sup> In addition, 41 CFR § 102-74.290 states that “[f]ederal agencies may allow employees to use parking spaces not required for official needs.” The law does not require federal agencies to provide parking spaces to their employees as a fringe benefit or to subsidize the cost of parking.

Nevertheless, EPA headquarters (based in Washington, D.C.) and Region 4 (based in Atlanta, Georgia) chose to offer subsidized parking to its employees. The EPA's parking subsidy program at headquarters began prior to the agency's move to the Ronald Reagan Building in 1999. Region 4 established a parking policy, which detailed its parking subsidies, in the mid-1980s.

Per Internal Revenue Service (IRS) Revenue Procedure 2014-61, in calendar year (CY) 2015, Congress permitted a monthly parking subsidy of up to \$250 per month per employee, which was not subject to income tax. In CY 2016, the



Sign showing that public parking is available under the Ronald Reagan Building in Washington, D.C. (EPA OIG photo)

<sup>1</sup> Per 26 CFR § 1.132-9, qualified parking is “parking provided to an employee by an employer on or near the employer's business premises or at a location from which the employee commutes to work.”

<sup>2</sup> 41 CFR § 102-74.205.

parking subsidy benefit was increased to \$255, as stipulated in IRS Revenue Procedure 2015-53.

### **Most EPA Locations Did Not Subsidize Parking**

Only EPA headquarters and Region 4 provided a parking subsidy to their employees in CYs 2015 and 2016.<sup>3</sup> Region 10 provided one space for the Regional Administrator, while Region 6 provided a parking space for one employee with a disability.

As shown in Table 1, for CYs 2015 and 2016, the EPA paid over \$1.5 million for subsidized and unoccupied parking spaces at headquarters and Region 4. See Chapter 2 for a discussion of subsidized parking and Chapter 4 for a discussion of unoccupied parking spaces.

**Table 1: CYs 2015 and 2016 subsidized parking spaces**

	Headquarters	Region 4	Total
<b>Number of leased spaces</b>	344	30	374
<b>EPA net costs for employee-related parking spaces</b>			
Employer-subsidized spaces	\$811,628	\$29,991	\$841,619
Unoccupied spaces	682,363	11,083	693,446
<b>Total</b>	<b>\$1,493,991</b>	<b>\$41,074</b>	<b>\$1,535,065</b>

Source: OIG analysis of data provided by EPA regions and offices.

### **Parking Subsidies at EPA Headquarters and Region 4**

Each EPA location that offers parking subsidies to its employees is responsible for developing and implementing its own procedures and guidelines. These responsibilities include determining how many spaces to lease and which employees are eligible to use these spaces.

The EPA’s March 4, 2014, Occupancy Agreement with the U.S. General Services Administration (GSA) includes 339 general parking spaces in the Ronald Reagan Building at a cost of \$293.45 per space per month and five reserved spaces at a cost of \$586.90 per space per month. The five reserved spaces are designated for EPA vehicles. In CYs 2015 and 2016, each employee using a general space paid \$163.45 per month, while the EPA paid \$130 per month. For unoccupied parking spaces, the EPA paid the full \$293.45 per month. Other building tenants without a GSA lease pay \$319 per month for a general space.

<sup>3</sup> Our audit focused on subsidized parking at headquarters and the ten regional offices, which are the same locations addressed in the EPA's *Sensitive Payments Area Internal Control Validation Report*, dated April 14, 2016. There are other EPA facilities that provide free, qualified parking to employees.

In CYs 2015 and 2016, Region 4 fully subsidized 30 spaces for employees; each of the 27 uncovered spaces cost \$50 per month, while each of the three covered spaces cost \$75 per month.

## Responsible EPA Offices

According to the EPA’s 2012 *Washington, D.C.-Area Transit Subsidy Guidelines*, the Office of Administration and Resources Management (OARM) “provides direction for developing and establishing an effective and efficient Transit Subsidy Program” for EPA headquarters. The guidelines also specify that, within OARM, the Office of Administration “provides guidance for the management of the EPA’s Transit Subsidy Program” and “ensures compliance with all EOs [executive orders] and regulations regarding federal commuting alternatives.”

In Region 4, the Facilities, Grants and Acquisitions Management Branch oversees the parking subsidy.



## Scope and Methodology

We conducted this audit from August 15, 2016, to July 14, 2017, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



Only two EPA locations provided subsidized parking to employees: Atlanta (top) and Washington, D.C. (bottom). (EPA OIG photos)

We reviewed the following relevant laws, procedures and policy orders:

- Principles of Federal Appropriations Law (the U.S. Government Accountability Office [GAO] Redbook).
- Public Law 98-369, Deficit Reduction Act of 1984.
- Public Law 103-72, Federal Employees Clean Air Incentives Act.
- GSA, Federal Management Regulations, 41 CFR Part 102.

- Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016.
- OMB Memorandum M-07-15, *Federal Transit Benefits Program*, May 14, 2007.
- OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, April 12, 2017.



The Ronald Reagan Building parking garage has four levels. (EPA OIG photo)

- EPA, *Washington, D.C.-Area Transit Subsidy Guidelines*, February 2012.
- EPA Region 4, *Regional Order R5160.1D*, June 13, 1986.
- EPA Region 4, *Carpool Parking Program—Standard Operating Procedures*, December 13, 2016.
- Executive Order 13150, *Federal Workforce Transportation*, April 21, 2000.
- Executive Order 13693, *Planning for Federal Sustainability in the Next Decade*, March 19, 2015.
- Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, March 13, 2017.

To identify and analyze risks in the EPA's parking subsidy offerings, we performed the following actions:

- Reviewed parking policies and procedures for headquarters and Region 4.
- Interviewed team members who oversee the parking subsidy at headquarters and Region 4, as well as staff at several other regional offices, to obtain an understanding of their oversight practices and internal controls.

- Reviewed headquarters' monthly parking costs and income from January 1, 2015, through December 31, 2016.
- Obtained parking information from the headquarters database for two specific days—September 12, 2016, and December 30, 2016—to obtain a snapshot of parking activity at the Ronald Reagan Building.
- Compared the September 2016 parking report from Ronald Reagan Building management with the September 12, 2016, parking information from the headquarters database. (Note: The agency provided us with only one parking report from Ronald Reagan Building management: the September 2016 report.)
- Used September 2016 information to project space usage for our review period.
- Reviewed Region 4's parking contracts and costs from January 1, 2015, through December 31, 2016. Also reviewed Region 4's assigned parking spaces and carpool participants as of January 17, 2017.
- Reviewed the EPA's *Assessments of EPA's Sensitive Payment Areas, Internal Control Validation Report*, dated April 14, 2016, which contains information regarding subsidized employee parking agencywide.

## Chapter 2

### EPA Subsidized Parking Is Not Required and May Divert Funds From Other Programs

Only EPA headquarters and Region 4 subsidized employee parking. From January 1, 2015, through December 31, 2016, EPA headquarters and Region 4 paid over \$840,000 to offer this fringe benefit. OARM and Region 4 staff stated that various laws and regulations allow federal agencies to provide parking spaces to employees. However, there is no regulation or act that requires federal agencies to provide parking spaces or parking subsidies to their employees as a fringe benefit. To offer this subsidized parking at headquarters and Region 4, the EPA paid approximately \$420,000 annually toward employees' personal parking costs. In light of efforts to reduce federal operating costs and the EPA's mission to promote air quality, the agency should review its practice of subsidizing employee parking, determine whether these parking subsidy programs are justified, and reduce or eliminate the programs accordingly.

#### **Agencies Allowed but Not Required to Provide Parking Subsidy**

The IRS and Congress allow federal agencies to subsidize parking spaces for employees. However, there is no regulation or act that requires federal agencies to provide parking spaces to or subsidize parking costs for their employees as a fringe benefit.<sup>4</sup> In fact, 40 U.S.C. § 586(c) authorizes an agency housed in a GSA-leased space to charge its employees for provided parking spaces at rates approved by the GSA.<sup>5</sup>

#### ***Federal Law and Executive Orders Encourage Public Transit and Cost Savings***

With the goal of improving air quality and reducing traffic congestion, the Federal Employees Clean Air Incentives Act of 1993 (Public Law 103-172) provides “for the establishment of programs to encourage Federal employees to commute by means other than single-occupancy motor vehicles.” The act, as codified at 5 U.S.C. § 7905, contains the following specifications:

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<sup>4</sup> According to *American Federation of Government Employees v. Freeman*, 498 F. Supp. 651, 654-55 (D.D.C. 1980), government employees have no constitutionally protected property right to receive free or low-cost parking. In addition, *In the Matter of U.S. Commission on Civil Rights—Parking Fees for Employees with Disabilities*, B-291208, issued April 9, 2003, the Comptroller General notes that, in the commercial parking context, government employee parking costs are personal expenses that the government is not obligated to pay.

<sup>5</sup> *U.S. Int'l Trade Commission—Use of Appropriated Funds to Subsidize Employee Parking Permits*, B-322337 at 8 (August 3, 2012).

(b)(1) The head of each agency may establish a program to encourage employees of such agency to use means other than single occupancy motor vehicles to commute to or from work.

(2) A program established under this section may involve such options as—

(A) transit passes ...;

(B) furnishing space, facilities, or services to bicyclists; and

(C) any non-monetary incentive which the agency head may otherwise offer under any other provision of law or other authority.

The Federal Management Regulations, located at 41 CFR Part 102, state that the federal government is “to offer employees transportation fringe benefits.”<sup>6</sup> In addition, 41 CFR § 102-74.290 states that “[f]ederal agencies may allow employees to use parking spaces not required for official needs.” However, nowhere does 41 CFR Part 102 state that agencies are required to subsidize parking spaces for use by employees.



Driving to work contributes to traffic congestion. (EPA photo)

Executive Order 13150, *Federal Workforce Transportation*, issued on April 21, 2000, requires federal agencies located in the National Capital Region (i.e., the Washington, D.C., metropolitan area) to implement a transit subsidy fringe benefit to discourage commuting by single-occupancy vehicles, improve air quality and reduce traffic congestion.

Executive Order 13693, *Planning for Federal Sustainability in the Next Decade*, was signed on March 19, 2015.<sup>7</sup> Executive Order 13693 establishes “a clear overarching objective of reducing greenhouse gas emissions across Federal operations” and encourages agencies to “promote sustainable commuting and work-related travel practices for Federal employees ... and reward carpooling and the use of public transportation, where consistent with agency authority and Federal appropriations law.”

Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, issued on March 13, 2017, directs the Director of OMB to “improve the efficiency, effectiveness, and accountability of the executive branch.” To facilitate

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<sup>6</sup> 41 CFR § 102-74.205.

<sup>7</sup> Executive Order 13693 superseded Executive Order 13514, which was signed on October 5, 2009, “to establish an integrated strategy towards sustainability in the Federal Government and to make reduction of greenhouse gas emissions (GHG) a priority for Federal agencies.”

compliance with this executive order, OMB Memorandum M-17-22 directs agencies to develop and submit an Agency Reform Plan that outlines immediate actions to “achieve near-term ... cost savings” consistent with the funding levels in the President’s Fiscal Year 2018 Budget Blueprint. To identify ways to reduce the cost of the federal workforce, OMB advises agencies in Section III(D)(ii) of this memorandum to examine the total cost of their personnel, including employee benefits.

### **Case Study: GSA Significantly Reduced Its Parking Subsidy Program**

In 2013, the GSA significantly reduced its employee parking subsidy program. GSA Instructional Letter 13-2, *Paid Parking for GSA Employees in Facilities Under the Jurisdiction, Custody or Control of GSA*, issued on August 5, 2013, details the GSA’s decision and justification to eliminate the majority of free parking for its employees:

In furtherance of ... Executive Order [13514] and GSA's sustainability efforts and mobile work initiatives, GSA will no



Parking garage at EPA headquarters. With the subsidy, EPA employees paid \$163.45 per month for a parking space. Other tenants paid \$319 per month. (EPA OIG photo)

longer provide free parking to GSA employees who work in facilities under GSA’s jurisdiction, custody or control, except in very limited circumstances. ... This policy is designed to increase the sustainability of the Federal Government by discouraging the use of motor vehicles, thereby reducing GSA’s greenhouse gas emissions. GSA seeks to encourage the use of public

transportation and mobile work arrangements and reduce traffic congestion and its carbon footprint.

Pursuant to the GSA’s parking policy, “[a]ll employees who park in facilities under GSA’s jurisdiction, custody or control must pay for parking.” GSA employees pay full price. Exceptions are granted to employees who have severe disabilities, work at facilities not reasonably accessible to public transportation, or are involved with building management or security. Employees who meet one of those criteria are provided a parking space free of charge.

Even after these GSA actions and the additional emphasis in the more current Executive Order 13693 to reduce greenhouse gas emissions and promote sustainable commuting and work-related travel practices for federal employees, the EPA maintained its parking subsidy.

## EPA Headquarters and Region 4 Subsidized Employee Parking

From January 1, 2015, through December 31, 2016, EPA headquarters and Region 4 paid over \$840,000 to subsidize employee parking. Based on the September 2016 parking report issued by Ronald Reagan Building management, of the 344 parking spaces that EPA headquarters contracted from the GSA, 16 were designated for government vehicles, 232.5 were occupied by employees, and 95.5 remained unoccupied.<sup>8</sup> Of the 30 parking spaces that Region 4 leased from the GSA, the three covered parking spaces were reserved for employees with physical disabilities. Table 2 outlines the EPA's parking subsidy expenditures.

**Table 2: EPA CYs 2015 and 2016 employee parking subsidy costs**

Location	Number of subsidized parking spaces <sup>a</sup>	Cost of subsidy paid by EPA
Headquarters	<sup>b</sup> 232.5	<sup>c</sup> \$811,629
Region 4	22.0	<sup>d</sup> 29,991
<b>Total</b>	<b>254.5</b>	<b><sup>c</sup> \$841,620</b>

Source: OIG analysis of data provided by the EPA.

<sup>a</sup> Motorcycle spaces count as 0.5 of a parking space.

<sup>b</sup> The total number of spaces used by employees each month fluctuated slightly throughout CYs 2015 and 2016. The number of parking spaces subsidized is based on the Ronald Reagan Building management September 2016 parking report.

<sup>c</sup> Excludes the cost of spaces for 16 government vehicles and 95.5 unoccupied spaces.

<sup>d</sup> Includes the GSA overhead fee of 8.7%.

### Headquarters Parking Subsidy

From January 2015 through December 2016, the total cost the EPA paid to the GSA for the agency's employee-occupied, unoccupied and government vehicle parking spaces at the Ronald Reagan Building parking garage was approximately \$2.5 million. The EPA paid \$1.6 million of this amount, and the remaining \$850 thousand was paid by employees (Table 3).

**Table 3: EPA headquarters and employee parking payments for CYs 2015 and 2016**

Type of space	Number of spaces <sup>a</sup>	Amount employees paid to EPA	Amount paid by EPA	Total cost EPA paid to GSA
Employee-occupied spaces	232.5	\$849,621	\$811,629	\$1,661,250
Unoccupied spaces	95.5	-	682,363	682,363
Government vehicle spaces	16	-	114,323	114,323
<b>Total</b>	<b>344</b>	<b>\$ 849,621</b>	<b>\$1,608,315</b>	<b>\$2,457,936</b>

Source: OIG analysis of data provided by the EPA.

<sup>a</sup> Motorcycle spaces count for 0.5 of a parking space. The number of each type of space is based on the September 2016 parking report issued by Ronald Reagan Building management.

<sup>8</sup> Motorcycle spaces count as 0.5 of a parking space. Also, the total number of spaces used by employees each month fluctuated slightly throughout CYs 2015 and 2016, which means the total subsidy amount paid by the EPA each month fluctuated slightly as well.

## Headquarters Parking Guidelines

Section 6.1 of the EPA's *Washington, D.C.-Area Transit Subsidy Guidelines* specifies who may receive parking subsidies:

Participants may be eligible to receive partially subsidized parking benefits if they:

- Do not use any other Transit Subsidy Program (whether sponsored by EPA or any other public or private entity).
- Have a base work location at either the Ronald Reagan Building Headquarters, 1310 L Street Office, EPA West Office, or another EPA-approved parking facility.
- Can document that the vehicle is used in a carpool or by a disabled employee.
- Establish an EPA employee as the principal carpool member.

Parking Rates	
Weekday Rates (rates start at 3am daily)	
	Rates include Tax
0 to 1 hour	\$10.00
1 to 2 hours	\$18.00
2 to 4 hours	\$22.00
4 to 15 hours	\$25.00
15 to 24 hours	\$35.00
Evening Rate (Mon-Fri, flat rate)	
Enter after 5pm exit by 3am	\$15.00
Weekend/Holiday Rate (flat rate)	
	\$15.00
Hours of Operation: 24 HOURS (OPEN DAILY)	
<small>*Customers who lose their ticket will be charged the maximum daily rate for each day parked</small>	
<small>*Overnight Parking: Please call (202) 312-1317 to reserve if parking more than 3 days (TOWING ENFORCED)</small>	
RONALD REAGAN BUILDING AND INTERNATIONAL TRADE CENTER	
www.itcdc.com Phone (202) 312-1313	

Public rates at the Ronald Reagan Building. (EPA OIG photo)

Parking subsidies are only available for EPA employees, interns, volunteers, Public Health Service employees and authorized individuals.

## Headquarters Staff Justified Parking Subsidy

Despite Chapter 6 of the EPA's *Washington, D.C.-Area Transit Subsidy Guidelines* being titled "Subsidized Parking," the Facilities Management and Services Division (FMSD) Deputy Director stated that the EPA does not have a parking "subsidy" program but rather provides employee parking at a "discounted rate." In addition, the Director of FMSD stated that those transit guidelines, although never rescinded and not expired, were outdated. In August 2017, after OIG provided a draft of this report to the agency, OARM issued updated guidelines, titled *Headquarters Transit Subsidy Program Guidelines*. Despite its title, these guidelines no longer establish a parking subsidy program.

OARM staff stated that Congress and 41 CFR Part 102 allow the EPA to provide parking spaces and parking subsidies to employees. According to these staff members, offering parking subsidies to employees is justified because 41 CFR § 102-74.205 states that the federal government is "to offer employees

transportation fringe benefits.” However, the EPA currently provides a transit subsidy fringe benefit to employees that is separate from the parking subsidy. These staff members also cited 41 CFR § 102-74.290, which states that “[f]ederal agencies may allow employees to use parking spaces not required for official needs,” but nowhere does 41 CFR Part 102 require agencies to subsidize parking spaces for use by employees.

### **Region 4 Parking Subsidy**

From January 2015 through December 2016, EPA Region 4 paid \$41,074 in employee-related parking costs at the Sam Nunn Atlanta Federal Center parking garage, as shown in Table 4. Region 4 employees parked for free in these 30 spaces; their parking was fully subsidized.

**Table 4: Region 4 parking payments for CYs 2015 and 2016**

Type of space	Number of spaces	2015	2016	Total cost paid to GSA
Uncovered parking spaces	27	\$16,200	\$16,200	\$32,400
Covered parking spaces <sup>a</sup>	3	2,700	2,700	5,400
GSA overhead (8.7%)	—	1,637	1,637	3,274
<b>Total</b>	<b>30</b>	<b>\$20,537</b>	<b>\$20,537</b>	<b>\$41,074</b>

Source: OIG analysis of data provided by EPA Region 4.

<sup>a</sup> Covered parking spaces are intended for employees with disabilities.

### **Region 4 Parking Subsidy Guidelines**

Unlike headquarters, only employees participating in carpools or employees with disabilities could take advantage of the subsidized parking offered by Region 4. However, Region 4’s written policy on carpool parking did not reflect actual practices. Pursuant to Regional Order R5160.1D, dated June 13, 1986, a carpool was to be composed of two or more EPA employees. In practice, while Region 4 required a minimum of two participants, only one had to be an EPA employee.



Region 4 parking. (EPA OIG photo)

In December 2016, after the start of our audit, Region 4 issued *EPA Region 4, Carpool Parking Program—Standard Operating Procedures*. Paragraph 3 of this standard operating procedure includes a revised, two-participant definition:

A [c]arpool is defined as a vehicle that contains at least one EPA employee, that works in the [Sam Nunn Atlanta Federal Center]

(who must serve as the primary applicant), with a minimum of one additional federal employee to complete a carpool.

Employees must provide a valid driver's license. (Proof of federal employee's status is required: i.e. CAC Card or both Employee's Agency Badges).

Although it updates the qualified carpool definition, the new standard operating procedure does not contain information on Region 4's free/subsidized parking. In addition, the procedure has not been shared with Region 4 employees. According to the Region 4's Facilities, Grants and Acquisitions Management Branch staff, it is standard knowledge that the free carpool parking benefit exists. However, as part of this audit, we interviewed four Region 4 OIG employees; they had no knowledge of the free/subsidized parking.

In addition, Region 4's Facilities, Grants and Acquisitions Management Branch staff stated that many employees in Atlanta do not have access to public transportation. However, public transportation<sup>9</sup> is located directly across the street from the regional office.

## **Parking Subsidies Could Be Put to Better Use**

While the parking subsidy is permitted, it is not required. In an age of dwindling federal resources, the EPA's use of taxpayer money—over \$840,000 in a 2-year period—to fund employee parking may not be an effective use of federal resources and may take funds away from mission-critical public health and environmental initiatives.

Other federal agencies, such as the GSA, no longer provide subsidized parking to employees except those with disabilities, and nine of the 10 EPA regions also do not provide this fringe benefit. The GSA's Director of Operational Support Division and National Parking Manager observed that the GSA's new, nonsubsidized parking policy reduced the number of employees driving to work by over 80 percent.

In light of efforts to reduce federal operating costs, the EPA's mission to promote air quality, and the issuance of Executive Order 13781, the EPA should strive to be a good steward of taxpayer dollars by only offering parking subsidies in rare circumstances (e.g., to employees with disabilities). This reduction in parking subsidies would decrease personnel costs and save taxpayer dollars, allowing those funds to be used for programs. EPA headquarters and Region 4 should decide whether to follow the lead of most EPA regional offices and reduce subsidized parking for employees. Reducing the parking subsidy to reflect

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<sup>9</sup> Per the Region 4 website, the Metropolitan Atlanta Rapid Transit Authority trains and buses are located across the street from the Sam Nunn Atlanta Federal Center, which is where the regional offices are housed.

Executive Order 13693 also advances the goal of improving air quality and public health.

## Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management:

1. Comply with Office of Management and Budget Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, and decide whether the employee-related costs of continuing to offer parking subsidies are justified. If not, eliminate or reduce the parking subsidy.

We recommend that the Regional Administrator, Region 4:

2. Comply with Office of Management and Budget Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, and decide whether the employee-related costs of continuing to offer parking subsidies are justified. If not, eliminate or reduce the parking subsidy.

## Agency Response and OIG Evaluation

OARM and Region 4 concurred with Recommendations 1 and 2.

As of October 1, 2017, OARM completed corrective actions for Recommendation 1. OARM stated that the “EPA will no longer offer reduced-rate parking to headquarters employees. The rate will be increased to \$293.45 for all parking categories.” The OIG concurs with the agency’s actions, which satisfy the intent of Recommendation 1. Recommendation 1 is complete.

As of July 31, 2017, Region 4 completed corrective actions for Recommendation 2. Region 4 stated that it will no longer offer parking subsidies to carpool participants, with an effective date of July 31, 2017. Region 4 also stated that, as of August 31, 2017, it reduced the number of parking spaces for employees with disabilities from three to one. Region 4 will continue to evaluate the feasibility of retaining the remaining space. The OIG concurs with Region 4’s actions, which satisfy the intent of Recommendation 2. Recommendation 2 is complete.

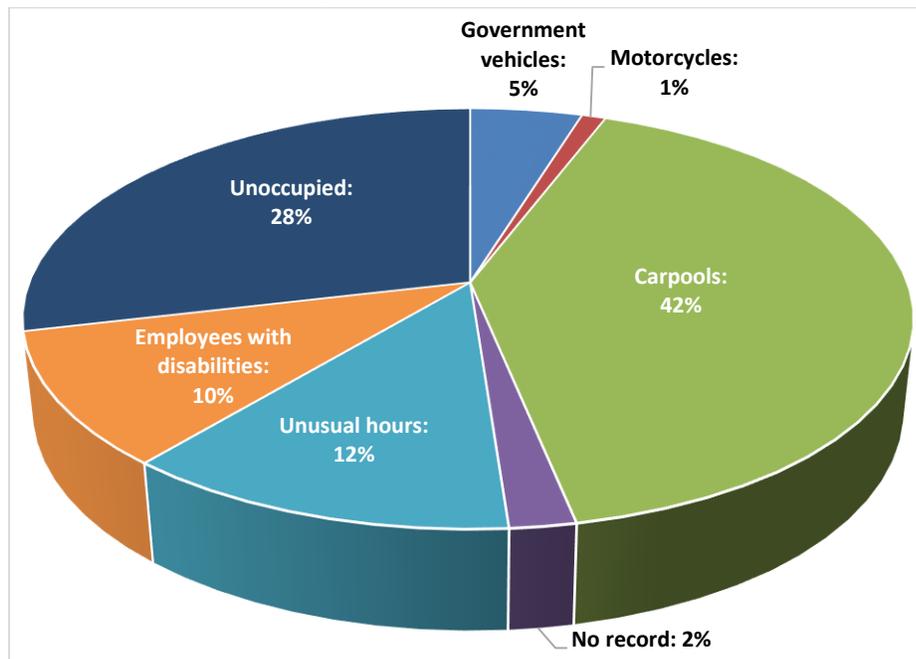
Appendices A and B contain the complete OARM and Region 4 responses.

# Chapter 3

## Stronger Controls Were Needed for EPA Headquarters Parking

The largest portion of the agency’s parking spaces at EPA headquarters was used by employees participating in carpools (Figure 1).<sup>10</sup> However, the spaces granted by EPA headquarters to participants of carpools were assigned without adequate justification or support. Some carpools included children to meet the three-person minimum carpool criterion. In addition, Senior Resource Officials (SROs)—typically, Senior Executive Service managers who report directly to an Assistant, Associate or Regional Administrator—approved parking spaces for employees who may need to work “unusual hours” without any qualifying justifications or supporting details.

**Figure 1: Types of parking spaces at EPA headquarters**



Source: September 2016 parking report provided by Ronald Reagan Building management.

Note: The “no record” category comprises nine subsidized spaces that were included in the September 2016 parking report but that were not accounted for in the EPA’s parking database.

The GSA-issued Federal Management Regulations and the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines* provide information regarding the priority order for assigning parking spaces to employees, including “unusual hours”

<sup>10</sup> Section 6.2 of the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines* defines a carpool as three or more people, at least one of whom must be an EPA employee.

spaces. In addition, the EPA's guidelines specify that non-EPA carpool members should be verified but do not address whether children qualify as carpool participants. However, OARM's Office of Administration Director said that, while the EPA followed the Federal Management Regulations to assign parking spaces, the agency did not verify information for non-EPA carpool members. The OARM Director further stated that children are valid carpool members.

Our analysis of headquarters parking data disclosed the following internal control deficiencies:

- Non-EPA employees in carpools not being verified to ensure they qualify as carpool participants.
- Children being counted as qualifying carpool participants.
- "Unusual hours" parking spaces being allocated without proper support.
- All subsidized parking spaces not being accounted for in the EPA's parking database (the "no record" category).

Inefficient controls over federal regulations and EPA guidelines could result in subsidized parking expenses for carpool, "unusual hours" and "no record" spaces being vulnerable to fraud, waste and abuse.

## Determination of Priority Order for Parking Spaces

### *Federal Priority Order for Parking Spaces*

The Federal Management Regulations, located at 41 CFR Part 102, specify which types of vehicles should receive priority for official parking spaces. Specifically, 41 CFR § 102-74.285 outlines this priority order:



Road congestion. (EPA photo)

- (a) Official postal vehicles at buildings ...;
- (b) Federally owned vehicles used to apprehend criminals, fight fires and handle other emergencies;
- (c) Private vehicles owned by Members of Congress (but not their staffs);
- (d) Private vehicles owned by Federal judges ...;
- (e) Other Federally owned and lease vehicles ...;
- (f) Service vehicles, vehicles used in child care center operations ...; and
- (g) Private vehicles owned by employees, using spaces not needed for official business.

In addition, 41 CFR § 102-74.305 outlines the following priority for federal agencies to use when assigning parking spaces to private vehicles owned by employees:

- (a) Severely disabled employees ...;
- (b) Executive personnel and persons who work unusual hours;
- (c) Vanpool/carpool vehicles;
- (d) Privately owned vehicles of occupant agency employees that are regularly used for Government business at least 12 days per month ...;
- (e) Other privately owned vehicles of employees, on a space-available basis ... <sup>11</sup>

**EPA Headquarters’ Priority Order for Parking Spaces**

Section 6.1 of the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines*, “Qualifying Participants,” addresses the priority order for parking subsidies:

After disabled employees, carpools will be given preference, followed by other eligible employees based on availability. Federal employees who do not work for the EPA must submit a memorandum from their respective human resource office indicating that the individual is not participating in a transit program.

**Headquarters Parking in the Ronald Reagan Building**

From January 2015 through December 2016, EPA headquarters’ parking spaces were assigned under the categories shown in Table 5. The EPA paid nearly \$680,000 over a 2-year period (approximately \$340,000 annually) for carpool, “unusual hours” and “no record” spaces. Chapter 4 of this report addresses unoccupied parking spaces, which constituted the highest single category of headquarters’ parking costs.

**Table 5: Types of headquarters parking spaces in CYs 2015 and 2016**

Type of parking space <sup>a</sup>	Number of spaces	Percentage of all leased spaces	Amount paid by EPA
Carpools	146	42%	\$484,011
Unusual hours	40	12	128,568
No record <sup>b</sup>	9	2	64,307
<b>Subtotal</b>	<b>195</b>	<b>56%</b>	<b>\$676,886</b>
Employees with disabilities	35	10	125,358
Motorcycles	2.5	1	9,385
<b>Total Subsidized Spaces</b>	<b>232.5</b>	<b>67%</b>	<b>\$811,629</b>

Source: OIG analysis of data provided by the EPA.

<sup>a</sup> Each employee using a space paid \$163.45 per month. The amount paid by the EPA was the remaining \$130 per space per month.

<sup>b</sup> The September 2016 parking report provided by Ronald Reagan Building management noted nine subsidized spaces that were not accounted for in the EPA’s parking database.

<sup>11</sup> The Federal Management Regulations do not mention subsidized parking.

## **Unsupported Carpools**

In CYs 2015 and 2016, the highest percentage of occupied parking spaces were used by carpoolers: 42 percent (146 out of 344). As shown in Table 5, the net cost to the EPA to subsidize these carpool spaces was \$484,011. Approximately 75 percent of these carpools (109 out of 146) included only one EPA employee (Table 6).

**Table 6: EPA participants in subsidized carpool parking spaces**

<b>Participants in carpools</b>	<b>Number of parking spaces</b>	<b>Percentage</b>
Only one EPA employee	109	75%
Two or more EPA employees	37	25%
<b>Total</b>	<b>146</b>	<b>100%</b>

Source: OIG analysis of data provided by EPA headquarters.

EPA employees who applied for a subsidized parking space based on participation in a carpool were asked to provide contact information for all the passengers in their carpool. To prevent abuse of this benefit, it was essential that the EPA verify the non-EPA carpool participants listed in the parking subsidy applications; however, the EPA did not perform this verification. In addition, some carpool applications were approved even though they did not list email addresses for the carpool participants.

Furthermore, Section 6.1 of the EPA's *Washington, D.C.-Area Transit Subsidy Guidelines* states the following requirement for carpool participants:

Federal employees who do not work for the EPA must submit a memorandum from their respective human resource office indicating that the individual is not participating in a transit program.

In accordance with OMB Memorandum M-07-15, *Federal Transit Benefits Program*, Section 6.1 of the EPA's subsidy guidelines also requires that transit benefit records be checked against parking benefit records to verify that federal employees are not receiving both a transit and parking subsidy. However, EPA staff stated that they did not verify this information, nor did they require non-EPA carpool participants to submit a memorandum indicating that they were not participating in a transit program. OARM should have followed its written internal controls to avoid potential fraud, waste and abuse.

## **Children as EPA Carpool Participants**

Of the EPA's 146 subsidized carpool parking spaces in CYs 2015 and 2016, 32 were assigned to carpools that included child participants (Table 7). Federal

regulations are silent on children as carpool participants, and the EPA’s subsidy guidelines do not address children in carpools.

**Table 7: Subsidized carpools with children**

<b>Carpool participants</b>	<b>Number of carpool parking spaces</b>
Family-only carpools	20
Children and other commuters	12
<b>Total carpools with children</b>	<b>32</b>

Source: OIG analysis of data provided by EPA headquarters.

The federal definition of “carpool” does not specifically include children. Federal regulations at 41 CFR § 102-71.20 define a carpool as “a group of two or more people regularly using a motor vehicle for transportation to and from work on a continuing basis.” Section 6.2, “Procurement,” of the EPA’s subsidy guidelines states, “To apply for parking at the Ronald Reagan Building, a carpool must consist of three or more people, at least one of whom must be an EPA employee.”

While the EPA’s subsidy guidelines do not address children in carpools, the EPA parking subsidy application form did allocate for child participants. The application form included the following driver/rider codes:

1. EPA Employee.
2. Non-EPA Employee.
3. School Age Child.
4. Triangle Tots Enrollee.<sup>12</sup>



Carpools include more than one person who regularly use a motor vehicle to and from work. (GSA photo)

OARM staff confirmed that the written guidelines do not address children in carpools, but they stated that Virginia state highways allow children to be included in the count for high-occupancy vehicle lanes. However, as noted above, the definition of a carpool in 41 CFR § 102-71.20 specifically states “to and from work” with no mention of school, daycare or children as qualifying participants. The EPA should revise its procedures to align with the Federal Management Regulations’ definition of carpool. In addition, if children are in the car, they should not count as qualifying participants.

<sup>12</sup> Triangle Tots is an early education and child care center located in the Ronald Reagan Building.

## **“Unusual Hours” Parking Spaces**

In CYs 2015 and 2016, approximately 40 of the subsidized parking spaces at EPA headquarters were assigned to employees in the “unusual hours” category. Federal regulations at 41 CFR § 102-71.20 define “unusual hours”:

... work hours that are frequently required to be varied and do not coincide with any regular work schedule. This category includes time worked by individuals who regularly or frequently work significantly more than 8 hours per day. Unusual hours do not include time worked by shift workers, by those on alternate work schedules, and by those granted exceptions to the normal work schedule (e.g., flex time).

Each of the EPA’s 13 national program offices, which are all located in the EPA’s Washington, D.C., headquarters complex, were authorized to assign five parking spaces in the “unusual hours” category. The only requirement was that a parking application for one of these “unusual hours” spaces had to be approved by the employee’s SRO. As shown in Table 5, the net cost to the EPA to subsidize its approved “unusual hours” spaces at headquarters in CYs 2015 and 2016 was \$128,568.

The EPA did not require any justification for subsidized parking under the “unusual hours” category. There was no guidance in place to determine what work schedules or duties qualify for this type of subsidized parking. In addition, no guidance detailed how Assistant Administrators or OARM can verify that such a work schedule is being followed.

OARM’s Office of Administration Director stated that OARM required all “unusual hours” parking assignments to be certified and approved by the applicable national program office Assistant Administrator (or a designee). However, the Director said that the 13 national program offices in headquarters may have used different definitions of “unusual hours” than what is presented in the Federal Management Regulations. The Director also stated that each Assistant Administrator may have had different criteria for approving the “unusual hours” parking applications.

We determined that 22 of the 40 (55 percent) “unusual hours” parking spaces used in CYs 2015 and 2016 were provided to Senior Executive Service employees, who are among the EPA’s highest paid employees. As noted in the



The parking garage used by EPA headquarters accommodates “unusual hours” parking by offering special rates in the evenings and on the weekends. (EPA OIG photo)

“Federal Priority Order for Parking Spaces” section above, 41 CFR § 102-74.305 gives “executive personnel and persons who work unusual hours” second priority in the assignment of parking spaces to their employees.

The Director of OARM’s Office of Administration stated that the Assistant Administrators determine mission need. Approval for this type of subsidized parking was indicated with a check in the appropriate box on the application, which stated “executive” (not “unusual hours”), and no qualifying justification or supporting details were required. The EPA should closely examine this category of parking and develop guidelines consistent with the Federal Management Regulations requirements on the utilization of space for determining what qualifies as “unusual hours.”



The parking garage used by headquarters is open 24 hours a day. (EPA OIG photo)

## Missing Records

The September 2016 Ronald Reagan Building parking report provided by the building’s management staff included nine spaces that were assigned to EPA employees but not accounted for in the EPA’s parking database. As shown in Table 5, these nine “no record” spaces accounted for \$64,307 of the EPA’s parking subsidy expenditures in CYs 2015 and 2016.

Per Section 6.5, “Accounting,” of the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines*, the agency should reconcile the monthly report provided by the Ronald Reagan Building management with its parking database:

Every month, a Processor will receive a list from the [GSA] detailing subsidized parking participants and payment amounts. The Processor will reconcile this list with his or her own records and notify GSA of any errors or irregularities.

However, FMSD did not reconcile this monthly report with the EPA’s database for subsidized parking spaces. As required by the EPA’s subsidy guidelines, FMSD should have performed this reconciliation to determine the number of spaces required and used to avoid potential waste and abuse.

## Parking Subsidy Dollars at Risk for Abuse

If EPA headquarters decides to continue to subsidize employee parking, it should review its policies and procedures regarding the assignment of subsidized parking spaces, particularly those related to carpools and “unusual hours” parking, for conformity with 41 CFR Part 102. In addition, FMSSD should follow EPA policy and reconcile the EPA’s parking data with the monthly parking reports to avoid missing records. Table 5 shows the net costs (approximately \$680,000) to the EPA to subsidize these carpool, “unusual hours” and “no record” spaces during CYs 2015 and 2016. Without improved management controls, there is a risk of approximately \$340,000 in annual funds being vulnerable to fraud, waste and abuse. The following list shows examples of potential abuse:

- Non-EPA federal employees in EPA carpools could also receive a transit subsidy.
- Employees may claim their children to meet the carpool requirements.
- Employees could create a carpool with fictitious passengers.

## Recommendations

We recommend that, if the Office of Administration and Resources Management maintains the headquarters parking subsidy program, the Assistant Administrator for Administration and Resources Management:

3. Revise the parking subsidy policies and procedures to provide guidance on what work schedules or duties fall within the definition of “unusual hours” and the assignment of available parking spaces to employees prescribed in 41 CFR §§ 102-71.20 and 102-74.305.
4. Comply with Section 6.1 of the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines* and require that federal employees in EPA carpools submit a memorandum certifying that they are not participating in a transit program.
5. Comply with the definition of “carpool” specified in 41 CFR § 102-71.20 when assigning parking spaces to employees, which requires “two or more” participants who are “regularly using a motor vehicle for transportation to and from work on a continuing basis.”
6. Comply with Section 6.5 of the EPA’s *Washington, D.C.-Area Transit Subsidy Guidelines* and reconcile information from the EPA’s parking database with the monthly parking report from Ronald Reagan Building management.

## Agency Response and OIG Evaluation

OARM concurred with Recommendations 3 through 6.

As of October 1, 2017, OARM has completed corrective actions for Recommendations 3 through 5.

For Recommendation 3, OARM completed the following actions:

The headquarters transit subsidy policy has been updated and no longer includes parking requirements. OARM will issue parking procedures for headquarters to include the federal definition of unusual hours and issuance of parking spaces in accordance with federal regulations. However, the headquarters parking application will be updated to include executives and unusual hours to comply with CFR 102-74.305 “(b) Executive personnel and persons who work unusual hours.”

For Recommendation 4, OARM completed the following actions:

The headquarters transit subsidy policy has been updated and no longer includes parking requirements. OARM will issue parking procedures for headquarters that will require federal and non-federal employees to submit a memorandum certifying that they are not participating in a transit program.

OARM disagreed with the OIG’s original Recommendation 5, which recommended that children no longer qualify as participants in carpools. Based on our discussions with OARM in August 2017, we revised Recommendation 5 to require that EPA procedures meet the Federal Management Regulations’ carpool definition of “two or more” people commuting to work and recognize that school-aged children who ride in carpool vehicles cannot be counted as one of the two required participants because they are not commuting to work. OARM concurred with the revised recommendation and completed the following corrective actions by October 1, 2017:

EPA headquarters parking standard operating procedures requires a minimum of two of the participants to use the motor vehicle regularly to travel to and from work on a continuing basis.

The OIG concurs with the agency’s actions, which satisfy the intent of Recommendations 3 through 5. Recommendations 3 through 5 are complete.

For Recommendation 6, OARM stated that the following corrective action will be completed by December 31, 2017:

The headquarters transit subsidy policy has been updated and no longer includes parking requirements. OARM will issue parking procedures for headquarters that will require the parking manager to work with the [Ronald Reagan Building] parking manager to ensure parking data correlate.

The proposed corrective actions for Recommendation 6 meet the intent of the recommendations.

The complete agency response to the draft report is in Appendix A.

# Chapter 4

## Headquarters and Region 4 Paid for Unoccupied Parking Spaces

From January 2015 through December 2016, 29 percent of the parking spaces available to headquarters employees and 27 percent of the parking spaces available to Region 4 employees remained unoccupied. Lease agreements with the GSA allow the EPA to relinquish space after providing the required notice. OARM and Region 4 were not monitoring parking space usage, as required by the Federal Management Regulations. Also, OARM staff stated that they kept the unoccupied spaces because they did not know how many would be needed after office consolidations or for the new administration. To keep these unoccupied spaces, the agency would spend approximately \$347,000 annually (Table 8), which could be put to better use in mission-critical programs. In light of efforts to reduce federal operating costs, the EPA should determine the number of spaces required and return unneeded spaces to the GSA.

**Table 8: Unoccupied parking spaces in CYs 2015 and 2016**

Location	Number of spaces	Biennial amount paid	Annual amount paid
Headquarters	95.5	\$682,363	\$341,182
Region 4	8.0	11,083	5,542
<b>Total</b>	<b>103.5</b>	<b>\$693,446</b>	<b>\$346,724</b>

Source: OIG analysis of data provided by EPA headquarters and Region 4.

### Federal Standards on Parking and Space Management

Per 41 CFR § 102-74.295, the EPA is responsible for determining the total number of employee parking spaces needed and to allocate them efficiently and equitably. In addition, 41 CFR § 102-74.310 requires that federal agencies take “all feasible measures to improve the utilization of parking facilities,” including the following actions:

- (a) The conducting of surveys and studies;
- (b) The periodic review of parking space allocations.

On June 10, 2010, a presidential memorandum, *Disposing of Unneeded Federal Real Estate*, issued the following directions:

- Federal agencies take immediate steps to make better use of remaining real property assets, factoring, among other measurements, utilization and occupancy rates.

- To the extent permitted by law, agencies must accelerate the identification and disposal of excess and surplus assets and eliminate lease arrangements that are not cost effective.

The EPA’s March 4, 2014, Occupancy Agreement with the GSA, which includes parking at the Ronald Reagan Building, defines the amount of notice that headquarters must provide before returning parking spaces:

While this occupancy agreement (OA) addresses financial terms that cover multiple fiscal years, the parties agree that: The tenant agency may relinquish space upon four (4) months’ notice at any point after the first twelve (12) months of occupancy.

Region 4 has a 1-year Reimbursable Work Authorization with the GSA for parking spaces, which can be renewed monthly.

## Executive Orders and OMB Guidance Require Federal Agencies to Operate Efficiently

Executive Order 13693, *Planning for Federal Sustainability in the Next Decade*, was signed on March 19, 2015, and states in Section 3(h)(vi) that federal agencies should consider cost-effectiveness and community transportation infrastructure as they pertain to the use of space, “... including in the planning for new buildings or leases cost-effective strategies to optimize sustainable space usage.”

In addition, Appendix 4 of OMB Memorandum M-17-22, which identifies ways to reduce costs and implement Executive Order 13781, recommends that agencies “consider their future real property needs and identify potential reductions to their real property inventory to increase operational efficiency.”



EPA headquarters paid for unoccupied parking spaces. (EPA OIG photos)

## Headquarters Paid for Unoccupied Parking Spaces

The EPA’s headquarters lease agreement with the GSA requires the EPA to pay monthly for 344 spaces; however, in CYs 2015 and 2016, approximately 29 percent of these spaces remained unoccupied.

Unoccupied spaces in the Ronald Reagan Building parking garage fluctuated (e.g., because of employee retirements and separations). In September 2016, 95.5 spaces were unoccupied. If this exact number of spaces were unoccupied during

our entire audit period (January 2015 through December 2016), the EPA would have paid approximately \$680,000 for unoccupied parking spaces. If these spaces remain unoccupied, EPA would continue to pay approximately \$340,000 annually for unoccupied parking spaces.

OARM did not monitor the use of parking spaces, as required by 41 CFR § 102-74.310. In addition, OARM's FMSD Branch Chief stated that the EPA continued to pay for the excess parking spaces because the agency did not know how many spaces would be needed after office consolidations. However, the Potomac Yard staff consolidation plan was completed in the spring of 2016, and the L Street Building staff consolidation was completed by September 2014, before our audit review period of January 1, 2015, through December 31, 2016. FMSD also stated that the number of spaces needed for the new administration was not known.

## **Region 4 Paid for Unoccupied Parking Spaces**

According to a parking report dated January 17, 2017, that was provided to the OIG, eight of Region 4's parking spaces (27 percent) were unassigned. If this exact number of spaces were unoccupied for the 2-year audit period, Region 4 would have paid \$11,000 for unoccupied parking spaces.

Region 4 did not monitor parking space use, as required by 41 CFR § 102-74.310. In response to our request for information, the Region 4 Planning and Business Operations Section Chief stated that these eight spaces were unoccupied due to staff retirements. However, Region 4 maintained a waiting list of employees interested in a subsidized parking space. If the spaces were monitored, parking spaces could have been assigned from the waiting list.

## **Unneeded Parking Spaces Should Be Returned to GSA**

The GSA contract allows headquarters to relinquish parking spaces after a 4-month notice is provided. Headquarters had ample time after the new administration came on board and after the office consolidations were completed to determine an adequate number of spaces needed. The EPA should return any unoccupied spaces that are determined to be unneeded to the GSA.

If spaces remain unoccupied and they are not returned to the GSA, EPA headquarters and Region 4 could waste over \$347,000 annually. If the EPA decides to continue the parking subsidy, the agency should—at a minimum—conduct a periodic review of parking space allocations, as required by 41 CFR § 102-74.310. Any unneeded parking spaces should then be returned to the GSA. If these spaces are not returned, the EPA will continue to spend valuable resources that could be put to better use in mission-critical programs.

## Recent Region 4 Actions

Region 4 returned the eight unoccupied parking spaces to the GSA. On March 29, 2017, Region 4 entered into an agreement with the GSA's parking management company to reduce the number of required spaces from 30 to 22. In addition, Region 4 will now pay for needed spaces on a monthly basis. Per the agreement, Region 4 will notify parking management by the 5th of each month regarding the number of parking spaces required for that month.

## Recommendations

We recommend that, if the Office of Administration and Resources Management maintains its parking subsidy program, the Assistant Administrator for Administration and Resources Management:

7. Conduct periodic reviews of parking space use to determine the number of spaces required and used.
8. Return unneeded parking spaces to reduce the EPA's liability and monthly rental expenses.

We recommend that, if Region 4 maintains its parking subsidy, the Regional Administrator, Region 4:

9. Conduct periodic reviews of parking space use to determine the number of spaces required and used.

## Agency Response and OIG Evaluation

OARM and Region 4 concurred with Recommendations 7 through 9.

For Recommendation 7, OARM stated that by December 31, 2017, the "headquarters parking procedures will include a requirement to conduct semi-annual reviews of unoccupied spaces and determine if spaces are still warranted."

For Recommendation 8, OARM stated that by December 31, 2017, the office "will provide GSA with notification to return 53 of the 73 unoccupied parking spaces as indicated in the [Ronald Reagan Building] June 2017 report." OARM discussed with us its plan to retain 20 parking spaces for unfilled political appointees and employees from the Potomac Yard location transferring to the EPA's Washington, D.C., location within the next 6 months.

The proposed corrective actions for Recommendations 7 and 8 meet the intent of the recommendations.

As of August 31, 2017, Region 4 completed corrective actions for Recommendation 9. Region 4 stated that “subsidy parking spaces will be reduced to one parking space. In addition, Region 4 management, in consultation with employee and labor relations, will conduct periodic reviews of the physically challenged parking space.” The OIG concurs with the agency’s actions, which satisfy the intent of Recommendation 9. Recommendation 9 is complete.

The complete OARM and Region 4 responses to the draft report are in Appendices A and B.

# Status of Recommendations and Potential Monetary Benefits

## RECOMMENDATIONS

Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	13	Comply with Office of Management and Budget Memorandum M-17-22, <i>Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce</i> , and decide whether the employee-related costs of continuing to offer parking subsidies are justified. If not, eliminate or reduce the parking subsidy.	C	Assistant Administrator for Administration and Resources Management	10/1/17	\$812
2	13	Comply with Office of Management and Budget Memorandum M-17-22, <i>Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce</i> , and decide whether the employee-related costs of continuing to offer parking subsidies are justified. If not, eliminate or reduce the parking subsidy.	C	Regional Administrator, Region 4	7/31/17	\$30
3	21	Revise the parking subsidy policies and procedures to provide guidance on what work schedules or duties fall within the definition of "unusual hours" and the assignment of available parking spaces to employees prescribed in 41 CFR §§ 102-71.20 and 102-74.305.	C	Assistant Administrator for Administration and Resources Management	9/30/17	
4	21	Comply with Section 6.1 of the EPA's <i>Washington, D.C.-Area Transit Subsidy Guidelines</i> and require that federal employees in EPA carpools submit a memorandum certifying that they are not participating in a transit program.	C	Assistant Administrator for Administration and Resources Management	9/30/17	
5	21	Comply with the definition of "carpool" specified in 41 CFR § 102-71.20 when assigning parking spaces to employees, which requires "two or more" participants who are "regularly using a motor vehicle for transportation to and from work on a continuing basis."	C	Assistant Administrator for Administration and Resources Management	10/1/17	
6	21	Comply with Section 6.5 of the EPA's <i>Washington, D.C.-Area Transit Subsidy Guidelines</i> and reconcile information from the EPA's parking database with the monthly parking report from Ronald Reagan Building management.	R	Assistant Administrator for Administration and Resources Management	12/31/17	
7	27	Conduct periodic reviews of parking space use to determine the number of spaces required and used.	R	Assistant Administrator for Administration and Resources Management	12/31/17	
8	27	Return unneeded parking spaces to reduce the EPA's liability and monthly rental expenses.	R	Assistant Administrator for Administration and Resources Management	12/31/17	\$682
9	27	Conduct periodic reviews of parking space use to determine the number of spaces required and used.	C	Regional Administrator, Region 4	8/31/17	

C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

## OARM Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

AUG 17 2017

OFFICE OF  
ADMINISTRATION  
AND RESOURCES  
MANAGEMENT

### MEMORANDUM

**SUBJECT:** Response to the Office of Inspector General Draft Report Project No. OA-FY-16-0221 "*EPA Should Determine Whether Parking Subsidy Costs Are Justified and Eliminate Unused Parking.*" dated July 17, 2017

**FROM:** Donna J. Vizian, Acting Assistant Administrator 

**TO:** Kevin Christensen, Assistant Inspector General  
Office of Audit

Thank you for the opportunity to respond to the Office of Inspector General's Draft Report Project No. OA-FY-16-0221 related to parking subsidy costs. Overall, the agency concurs with the report findings and recommendations and has attached its position on each of the report recommendations. The Office of Administration and Resources Management concurs with six out of seven recommendations and has provided corrective actions and estimated completion dates. The Office of Administration and Resources Management does not concur with report recommendation 5.

Please contact Vaughn Noga, director, Office of Administration, at (202) 564-8400 or [noga.vaughn@epa.gov](mailto:noga.vaughn@epa.gov) if you have any questions on this response.

#### Attachment

cc:

John Showman  
Gayle Jefferson  
Lynnann Hitchens  
Vaughn Noga  
Maryann Petrole  
Steve Blankenship  
Lenee Morina  
Erin Collard  
Lauren Lemley  
Raphael Jackson  
Marian P. Cooper  
Matthew Bell

AGENCY’S RESPONSE TO REPORT RECOMMENDATIONS

No.	Recommendation	High-level intended Corrective Agency	Estimated Completion by
1	Comply with OMB memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, and make a decision whether the employee related costs of continuing the parking subsidy is justified. If not, eliminate or reduce the parking subsidy.	Agree: the EPA will no longer offer reduced-rate parking to headquarters employees. The rate will be increased to \$293.45 for all parking categories effective October 1, 2017.	October 1, 2017
3	Revise the parking subsidy policies and procedures to provide guidance on what work schedules or duties that fall within the definition of “unusual hours” and the assignment of available parking spaces to employees prescribed in 41 CFR 102-71.20 and 102-74.305. In addition, revise the parking application form to remove the employee category “executives” and replace with “unusual hours”.	Agree: The headquarters transit subsidy policy has been updated and no longer includes parking requirements. OARM will issue parking procedures for headquarters to include the federal definition of unusual hours and issuance of parking spaces in accordance with federal regulations. However, the headquarters parking application will be updated to include executives and unusual hours to comply with CFR 102-74.305 “(b) Executive personnel and persons who work unusual hours.”	September 30, 2017
4	Comply with Section 6.1 of the EPA’s Washington, DC-Area Transit Subsidy Guidelines and require that the federal employees in the EPA carpools submit a memorandum certifying that they	Agree: The headquarters transit subsidy policy has been updated and no longer includes parking requirements.	September 30, 2017

	are not participating in a transit program.	OARM will issue parking procedures for headquarters that will require <b>federal and non-federal</b> employees to submit a memorandum certifying that they are not participating in a transit program.	
5	Comply with 41 CFR § 102-71.20 definition of carpool when assigning parking spaces to employees, which requires “two or more” participants who are “regularly using a motor vehicle for transportation to and from work on a continuing basis”.	Agree: EPA headquarters parking standard operating procedures will require a minimum of two of the participants to use the motor vehicle regularly to travel to and from work on a continuing basis.	October 1, 2017
6	Comply with Section 6.5 of the EPA’s Washington, DC-Area Transit Subsidy Guidelines and reconcile information from the EPA’s parking database with the monthly parking report from Ronald Reagan Building management.	Agree: The headquarters transit subsidy policy has been updated and no longer includes parking requirements. OARM will issue parking procedures for headquarters that will require the parking manager to work with the RRB parking manager to ensure parking data correlate.	December 31, 2017
7	Conduct periodic reviews of parking space use to determine the number of spaces required and used.	Agree: The headquarters parking procedures will include a requirement to conduct semi-annual reviews of unused spaces and determine if spaces are still warranted.	December 31, 2017

8	Return unused parking spaces to reduce the EPA's liability and monthly rental expenses.	Agree: OARM will provide GSA with notification to return 53 of the 73 unused parking spaces as indicated in the RRB June 2017 report.	December 31, 2017
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## Region 4 Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4  
ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

AUG 16 2017

### MEMORANDUM

**SUBJECT:** Response to the Office of Inspector General's Draft Report titled, *EPA Should Determine Whether Parking Subsidy Costs Are Justified and Eliminate Unused Parking* (Project No. OA-FY16-0221)

**FROM:** for Vickie H. Tellis *Keith R. Mills*  
Acting Assistant Regional Administrator

**TO:** Kevin Christensen, Assistant Inspector General  
Office of Audit

After reviewing the Office of Inspector General's DRAFT report titled, *EPA Should Determine Whether Parking Subsidy Costs Are Justified and Eliminate Unused Parking*, Region 4 concurs with the two recommendations. Attached is the Region's written response to the findings and recommendations.

Please contact Angie Billups at 404-562-9943 should you have questions.

Attachment

cc:

V. Anne Heard  
Kenneth L. Lapierre  
Keith R. Mills  
Kristy H. Eubanks  
Kathie Johnson  
Donald O. Fortson  
Angie Billups

No	Page No.	OIG Recommendations	Concur or Not Concur	Region 4 Improvement Plan	Status	Completion Date
2	12	Comply with OMB Memorandum M-17-22, Reforming the Federal Government and Reducing the Federal Civilian Workforce and make a decision whether the employee related costs of continuing the parking subsidy is justified. If not, eliminate or reduce the parking subsidy	Concur	Region 4 eliminated the carpool parking subsidy program with an effective date of July 31, 2017. As of August 31, 2017, Region 4 will reduce the physically challenged parking spaces from three to one. We will continue to evaluate the feasibility of retaining the remaining space.	C  R	7/31/2017  8/31/2017
9	26	Conduct periodic reviews of parking space use to determine the number of spaces required and used.	Concur	Region 4 subsidy parking spaces will be reduced to one parking space.  Region 4 management, in consultation with Employee & Labor Relations, will conduct periodic reviews of the physically challenged parking space.	C	8/31/2017

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