

STATEMENT OF DAVID J. FRIEND, MBTA DIRECTOR OF PARKING

December 1, 2017

On Friday, October 20, 2017, Director of Revenue Evan Rowe told me that it would be in “our mutual interest” and “in the best interest of the Authority” to resign my position as MBTA Director of Parking. On Monday, October 23, 2017 I retained legal counsel and on November 1, 2017 tendered my ***involuntary resignation*** effective December 1, 2017. Here’s why:

I was hired in October 2016 and told by Director of Revenue Evan Rowe that I would have complete responsibility for management oversight of the existing MBTA Parking Services staff (3) and the new parking contractor to be selected from the then-ongoing selection process. The MBTA initiated a Parking Management RI/RFP process in September 2016 after the previous parking operator, LAZ Parking, was charged with the loss of MBTA parking funds by employee theft. Mr. Rowe, the newly appointed Director of Revenue, designed the RFP and selection process, led the bid review team and orchestrated the interview process, and as a result became fully vested in the success of the selected parking contractor.¹

On February 6, 2017, the MBTA Fiscal Management and Control Board (FMCB) awarded the new Parking Services Management Contract (Formal Contract No. 100-16) to Republic Parking System LLC (hereafter “Republic”), from Chattanooga, TN for a 5-year term, with two subsequent 5-year options at the MBTA’s discretion.² Although Republic was the bidder with the lowest recognition factor as a parking operator in the region, and was completely unfamiliar with the MBTA parking system, they were awarded the contract to operate and manage the 3rd largest transit parking system in the US. The LAZ contract was terminated early, and Republic began its management and operation of the MBTA’s 101 parking facilities on April 1, 2017.

The client-contractor relationship between the MBTA and Republic that began on April 1st is defined by the processes and requirements contained in a comprehensive Parking Management Agreement and Scope of Work (hereafter “PMA”) executed by and between the parties on April 1, 2017. The PMA describes in clear terms the duties and products expected of Republic. It also established objective measures (“key performance indicators”) by which the MBTA would regularly evaluate Republic’s performance, along with incentive schemes designed to encourage innovation and track whether Republic was delivering the cost and quality advantages it had promised. I, along with the entire MBTA parking team, was looking forward to a relationship with Republic in which they would dutifully execute the requirements of the PMA/Scope of Work in an environment built on mutual trust, open communication, and a long-term commitment to the MBTA parking program. The selection of Republic was intended to put the memories of the employee theft and lack of customer focus associated with the previous parking operator in the past, and introduce a more efficient contracting approach based on performance and results.³

¹ I had to recuse myself from any involvement in either the design of the RFP process or selection process because I had a previous management relationship with one of the bidding companies.

² See FMCB Presentation, Parking Management Request for Proposals Recommendation to Award, February 6, 2017.

³ The system-wide parking contract was to be an example of how the newly created MBTA Fiscal Management and Control Board (FMCB) was going to, among other objectives, address the chronic problems at the MBTA of

Instead, the contracting relationship between the MBTA and Republic has become another example of the MBTA's failure to realize the promise of outsourcing – in this case with the MBTA system-wide parking contract – because of mistakes in decision-making and implementation.⁴

The outsourcing problems began during the selection process. The MBTA's selection team for the parking contractor had no member with meaningful experience in parking operations or previous MBTA parking contracts, made the mistake of "locking in" on only one parking operator, and did not thoroughly review the contractors' qualifications, track record, and cost structure. Unlike previous MBTA parking contracts, the selection process assumed there was minimal (or zero) risk of failure and did not provide for backup capabilities in the event the relationship broke down (which it has). And while Republic promised cost savings through lower labor costs and the application of new technologies (e.g., employing vehicle LPR in its enforcement program), the MBTA did not perform a full cost-benefit analysis to account for the significant and recurring costs of the new technologies (vehicles, computer hardware and software) that they were promising and would be funded by the MBTA. Above all, the Republic management team that was ultimately assigned to this contract has over the past 8 months displayed an inability to produce and perform up to the minimal standards that the MBTA staff had established in the Parking Management Agreement.

On the following pages, I describe numerous examples of Republic's management failures to date:⁵

- (a) *Fiscal Mismanagement:*⁶ how Republic has wasted Authority and taxpayer monies through multiple examples of fiscal mismanagement, and repeatedly ignored MBTA parking staff pleas to address the cost blow-outs;
- (b) *Program Mismanagement:* how Republic has failed to develop "standard operating procedures" for each of the functional areas of the MBTA parking program, and repeatedly ignored MBTA parking staff efforts to bring them up to minimally acceptable MBTA and parking industry standards; and,
- (c) *Human Resource (Staff) Mismanagement:* how the Republic management staff has failed in its duties to hire, train and retain the staff necessary to fulfill the requirements of the contract, and provide the MBTA with the weekly/monthly metrics and reports essential to measuring their effectiveness.

"inefficient contracting," "lack of customer focus," "leadership changes and staffing issues," and "ineffective workplace practices."

⁴ There are many reasons a contracting relationship can fail, but most fall into two main categories: flawed decision-making and flawed implementation. For an excellent discussion of the pitfalls of privatization or outsourcing, see Booz Allen Hamilton, "Profits or Perils? The Bottom Line on Outsourcing."

⁵ I and my staff were diligent in documenting all of the Republic shortcomings related on the following pages as they occurred; extensive files of notes, reports, documents, and emails are all available as evidence of the rigorous oversight the parking staff has given this contract and Republic's operations.

⁶ Financial mismanagement is management that, deliberately or not, is handled in a way that can be characterized as "wrong, bad, careless, inefficient or incompetent" and that will reflect negatively upon the financial standing of an organization, business or individual.

REPUBLIC PARKING REPORT CARD



- #1 Republic hired all hourly staff with the same job title at the same hourly rate, regardless of their previous pay rate or parking industry experience -- a hiring practice that inexplicably increased the hourly payroll for the contract by 10-15% above what it should have been.
- #2 Republic also hired many of their salaried management staff at salaries that were 10-15% above the salaries proposed in their approved budgets. Their actions have institutionalized an employee pay structure that will increase the overall cost of this contract to taxpayers by at least **\$650,000 annually** and by over **\$3.5 million** over the 5-year contract term.
- #3 Republic indicated in their proposal they could manage and operate the MBTA parking system with one-half of the employees used by the previous operator; and with the deployment of LPR technology, they would need fewer parking enforcement officers (PEOs). Republic's payroll now exceeds that of the previous operator at 213 employees (FT and PT), and there are 22 PEO's on staff – the same number that were doing the same work for the previous operator.
- #4 During the first 3 months of the contract, and despite the high staffing levels, Republic staff worked an inexplicably high number of overtime hours without Republic management or MBTA approval.
- #5 Republic management routinely submitted invoices that had not been reviewed or were not for legitimate MBTA- related expenses. Staff was not aware of the adopted budgeting systems, was slow to provide a general ledger (G/L) coding system for MBTA expense items, and did not have a process in place requiring cost estimates or purchase orders to accompany all major expenditures, and MBTA approval before purchase.
- #6 Republic authorized subcontractors to perform spring clean-up duties they had committed to do with in-house staff and six F-150 trucks the MBTA bought at a cost of \$214,000 (Note: no capital funds for this use were given to the previous operator). The subcontracted work will cost **\$280,000 more** in FY18 than budgeted, and may increase the maintenance budget by that amount annually for each year of the 5-year contract.
- #7 Despite promises to lower the annual cost of repairing and maintaining PARCS equipment in the MBTA garages by better trained employees, Republic's repair expenses already exceed the amount budgeted in FY18 and will easily exceed the expenditures of the previous parking operator.
- #8 The MBTA paid over **\$110,000** for two sweeper-scrubber units that were to be transported between garages on trailers [Note: no capital funds for this use were given by the MBTA to the previous operator].. Unable to use the trailers because they were not spec'd properly, the sweeper- scrubbers remain at their current "homes" in the Quincy Adams and Wonderland garages and have not yet been used to clean any other garages.
- #9 Despite promises of significant cost savings, Republic's enforcement operation has actually cost the MBTA and taxpayers almost **\$1 million more** in new vehicles and LPR equipment to execute (say \$200,000 annually over 5 years) than the previous operator, realized no labor cost savings, and shows no potential currently of generating the increased citation revenue that was promised as a benefit of LPR technology deployment.
- #10 Republic's failure to follow-through on their commitment to de-ice and plow the garage roofs with their own staff and MBTA-purchased equipment will result in an additional subcontractor expense of \$450,000 this year above that expected, and will cost taxpayers **over \$2 million additional** over the next 5 years.
- #11 After 8 months, Republic management has been unable to produce satisfactory step-by-step instructions (SOPs) describing how its workers operate, collect and control revenues at MBTA garages and attended lots, how it will maintain the MBTA garages and lots in a "state of good repair", how it deploys its parking enforcement officers and conducts its parking enforcement program, how it will operate its customer experience center and measure customer satisfaction, or how it will integrate its multiple databases to provide cutting-edge informational tools and dashboards.
- #12 After 8 months, Republic has been unable to provide all of the definitive metrics and reports required in the Parking Management Agreement as necessary to establish baseline parking conditions in all of the functional areas essential to successful management of the MBTA parking system.

Despite their underperformance and failing grades – described more fully on the following pages, Republic continues as the MBTA’s parking contractor without so much as a warning from the MBTA. Why? Because in August 2017 Director of Revenue Evan Rowe:

- Decided to ignore the warnings that I and my staff had been giving him about Republic’s fiscal, staff and program mismanagement, and “believed” they could be “fixed” (see following discussion and decide for yourself);
- Decided he would not support the calls of his own professional staff for contractor accountability,⁷ and would even go so far as to withhold from others the data and reports he was receiving that documented Republic’s shortcomings; and ,
- Decided he (not me) would be the one to impose any penalties if and when he (not me) decided that corrective action might be warranted against Republic.

As described on page 16, and despite mounting evidence of incompetence, Mr. Rowe has never placed Republic on notice that they are in non-compliance with many terms of the Parking Management Agreement – a request that I and my staff made repeatedly of him during the period beginning on July 1st through the present day. On September 19, 2017, Mr. Rowe did write a letter to the Vice President of Republic Parking indicating his intent to begin imposing daily fines if they did not complete to MBTA satisfaction the Standard Operating Procedures (SOPs) that were required of them months earlier. Importantly, his admonition of Republic focused only on the SOPs – and not on the myriad of other contract terms they had violated. And no fines have ever been imposed on Republic even though they failed to meet the October 13th deadline established in his September 19th letter for the submission of final SOPs.

In August, Mr. Rowe also began a campaign to strip me of my authority to manage the Republic contract and perform my other duties as MBTA Parking Director, and to even change the “nature” of Republic’s parking contract:

- He hired a new staff person without notice or discussion with me or my staff and assigned him responsibility for parking lease negotiations – a function that I and the parking staff were capably handling already;
- He began to micromanage my staff by meeting with each of them individually on a daily and weekly basis, to re-arrange their priorities and duties, marginalize my role and purposefully undermine my professional working relationships with them;
- He began to require that I and my staff personally fulfill the duties specifically assigned to Republic in the Parking Management Agreement, and to perform their work, compile the reports they were required to produce, etc. – in effect, turning the traditional client-contractor relationship completely upside down; and,
- He announced that he was abandoning his “results-oriented” emphasis of the previous five (5) months regarding Republic and the parking contract, and replacing it with one that was “process-oriented” – as a way to diminish the importance of Republic’s numerous shortcomings.

⁷ I was hired on the basis of my unique qualifications, expertise and experience in all of the functional areas required of the MBTA Parking Director’s position, and my intimate working knowledge of the MBTA parking system. The existing MBTA parking staff was also well-versed in all aspects of the MBTA parking operation and interdepartmental relationships. In short, the in-house liaison function was adequately trained and resourced to manage the Republic contract, but was undermined regularly by the MBTA Director of Revenue.

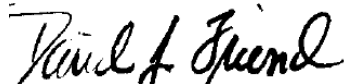
By usurping my duties as MBTA Parking Director, Mr. Rowe entered into an exclusive arrangement with the contractor he selected which, if not a conflict of interest, certainly presents an appearance of one given his unwillingness to enforce the terms of the Parking Management Agreement. This complicity with Republic may be exposing the Authority to future criticisms and revenue losses in the form of excessive contractor expenditures and waste. And for me, his actions created a work environment that has allowed Republic to flagrantly disregard the requirements of the Parking Management Agreement, and openly disrespect the efforts of the MBTA parking staff (the “client”) to remedy their shortcomings. This has created a hostile work environment and one that I concluded – based on the facts, events and circumstances – gave me no choice but to **involuntarily resign**.

Please read the attached accounting of how much the current MBTA Parking Management contract has and will cost taxpayers, how Republic Parking’s mismanagement of various parking programs has substantially increased its overall cost to the Authority, and how Republic has failed to comply with many of the operational and programmatic responsibilities required in the contract.

Mr. Rowe will attempt to divert attention from parking contract *expenditures* by drawing attention to the current strength of MBTA parking *revenues*. MBTA parking revenues are and will remain strong because the MBTA parking staff has over recent years (a) reduced substantially the amount of cash being handled in the field, (b) automated systems so that most daily parking revenue comes directly into MBTA bank accounts, and (c) put in place rigorous audit and monitoring procedures that will ensure the recent theft of MBTA parking monies never occurs again. Mr. Rowe will also attempt to “muddy the waters” in the months ahead by seeking FMCB approval of increases in daily parking fees (long overdue) and focusing on the year-over-year increase in parking revenues they would generate for the Authority. Maintaining or increasing MBTA parking revenue should be applauded in a debt-ridden agency like the MBTA, but not if it is offset by comparable or higher increases in operating expenses.

It is said that mismanagement is often “in the eye of the beholder” – and I agree. But Mr. Rowe cannot “gaslight” Republic’s mismanagement and shortcomings by stating over and over that they are “fixable” (many are permanent and long-term), and he will not make them go away by asking for my resignation. It is “in the best interest of the Authority” that this information be known. I deserved better – and so do the taxpayers of the Commonwealth.

Respectfully submitted,



David J. Friend

Cc: Janice Brochu, MBTA Chief Human Resources Officer
Christine McColgan, MBTA Deputy Director of Human Resources
Evan Rowe, MBTA Director of Revenue
Michael Abramo, MBTA Chief Administrative Officer
Jeffrey Gonneville, MBTA Deputy General Manager
Scott Bosworth, MassDOT

MBTA Parking Management Contract with Republic Parking – Failing Grades

Republic Parking Systems' proposal to the MBTA promised to lower labor costs by providing more cost effective use of LPR in the MBTA enforcement program, by reducing the overall number of staff needed to manage the MBTA garages and attended lots, and by better managing overall administrative and maintenance expenses. Just the opposite has happened – Republic's operations are now considerably more expensive than its predecessors on an annual basis, and will cost the Authority considerably more over the 5-year term of the contract. The MBTA never evaluated, and therefore did not understand, the full economic impact that the operation being proposed by Republic would have on MBTA resources. Signs of misrepresentation and fiscal mismanagement by Republic staff were evident soon after initiation of the contract.

Republic's Misrepresentation of Staff Needs and Payroll Costs

Republic has hired more operating and management staff than it had indicated would be needed to safely operate the MBTA facilities, has paid them excessive hourly rates and salaries, and has failed to provide adequate supervision over them. As a result, Republic's annual payroll and burden expense totals approximately \$6.8 million – or roughly \$650,000 above the annual payroll-related expense of the prior parking operator.

#1

Republic hired virtually all of the former parking operators' staff when it began its management of the MBTA parking facilities on April 1st. Unknown to the MBTA, however, and contrary to industry practice, Republic hired virtually all of the existing staff at the same rate – e.g., every attendant working in the garages and every cashier at the attended lots was hired and paid the exact same rate of \$14 per hour -- regardless of their pay rate with LAZ and regardless of their experience in the parking industry. Every Parking Enforcement Officer (PEO) was hired and paid at the same rate of \$16 per hour; every single maintenance staff person was hired and paid \$16 per hour; and every single supervisor was hired and paid at the exact same hourly rate of \$18 per hour. Not only was the uniformity of the pay rate structure highly unusual (I have never seen this before in the industry) but the rates themselves were at the absolute high end of the pay scale typical for those with their job duties. In fact, they were **10-15% higher** than those paid (to most of the same employees) by the previous parking operator (LAZ). I have never witnessed such a reckless practice in my professional life. Republic's explanation that they offered unusually high hourly pay rates because they wanted to attract a high quality staff for the MBTA didn't pass the "smell test" because they hired over 90% of the then "existing" LAZ staff without any evaluation of their skills or experience.

#2

Republic also took liberty with the rates it paid its management staff. With the exception of the General Manager's salary (\$125,000), all of the other senior managers (senior operation managers, customer service manager, IT manager, etc.) were hired at salaried rates that were also **10-15% higher** than those Republic had proposed in its transition budget. It was also learned, and has become increasingly evident that the backgrounds and relevant experience of personnel hired to fill several key management positions was not entirely accurate or suitable for the positions being filled.

#3

The total number of paid staff – 196 staff persons (FT and PT) – on Republic’s first monthly payroll was startling as well, given that Republic’s best and final proposal indicated that they would manage and operate the MBTA parking program with roughly one-half of that number. After 8 months of operation, the Republic payroll has actually increased by 17 to a total of 213 staff persons (FT and PT). It is acknowledged that Republic was allowed by the MBTA to effectively “mimic” the staffing levels of the previous operator (LAZ) at the onset of the contract so as to minimize any interruptions in service during the transition period that might otherwise occur; it was also allowed so that the Republic managers would have more time to familiarize themselves with the MBTA facilities. Most surprising, and despite Republic’s assertions that the deployment of LPR vehicles would surely decrease the number of enforcement staff (PEOs) needed to cover the entire MBTA parking system (non-cash facilities where PayByPhone is allowed), Republic’s enforcement staff now numbers 22 staff persons (plus a manager) – the exact same number of PEO’s employed by the previous operator LAZ to conduct daily enforcement on virtually the same number of lots/parking spaces (more on this later).

#4

Not only were the number of operations and management staff unexpectedly high during the first month, but Republic billed an excessive number of overtime hours on top of staff regular hours – well in excess of what the industry would consider acceptable in terms of both the hours expended and dollars being spent. It was evident that management oversight and control over staff payroll was virtually nonexistent. In one case, 80 hours of overtime @ 1.5 times the regular pay rate was approved by Republic for a full-time employee already receiving maximum hours and wages over the same 80 hour period; another Republic employee submitted a time sheet that had 133.17 “regular” hours over a typical 80 hour 2-week period; and in May 2017, Republic managers approved substantial overtime hours for every one of its eight (8) supervisors. Not only did Republic bill the Authority for excessive overtime after the first month of operation, they continued to show excessive overtime charges for 3+ months afterwards despite being admonished in April and told that no further overtime was authorized without MBTA permission. Despite repeated requests from the MBTA Parking Director and his staff, no explanation for this overtime has ever been provided by Republic management.

Conclusion

Republic had the responsibility to hire and manage the staff necessary to perform the tasks in the Parking Management Agreement and to do so in a way that minimized its payroll and payroll burden. Instead, Republic hired its hourly and management staff at pay rates that resulted in a payroll and burden (taxes and benefits) that is approximately 15% above that they initially proposed. It was anticipated that total operating expenses during the first year of the MBTA-Republic contract would approximate the \$9.1 million in operating expenses charged by the previous operator LAZ during the last year of its contract. Instead, the FY18 annual operating expenses budgeted by Republic and ultimately approved by the MBTA totaled \$9.8 million [Note: Republic initially proposed a first-year operating budget of almost \$16 million!]. With a total annual FY18 payroll/burden of approximately \$6.8 million, Republic’s inexplicable hiring practices succeeded to inflate contract payroll expenses by an estimated \$650,000 annually above that associated with the previous parking contractors operation – while performing the same duties. With staff cost-of-living adjustments (COLA) expected in future years, Republic has institutionalized a contract employee pay structure that will increase the overall cost of this contract to Commonwealth taxpayers by almost \$4 million over the initial 5-year contract term.

Republic's Limited Cost Controls and Fiscal Oversight

For the first 3 months of the parking contract, there was no evidence that Republic's management team had any procedures in place to monitor the expenses it was incurring under this contract or to audit the expenses of the subcontractors it had hired. MBTA staff review found multiple instances of poor record-keeping and coding, inappropriate billing and invoicing (see below). While some of those lapses have been remedied after 8 months of operation, not all items have been satisfactorily addressed (e.g., employee monthly fuel charges for use of personal vehicle).

#5

Examples of Republic's mismanagement and careless disregard for MA taxpayer monies have also been evident in the monthly invoices they submitted to the MBTA.

- The April 2017 master invoice submitted by Republic contained invoices for items that had been purchased for Republic's City of Medford, MA parking program; in July invoices were submitted for the repair of PARCS equipment in Springfield, MA; in August, a telephone bill for a location in Bangor, ME was submitted.
- The April 2017 master invoice contained invoices submitted by snow vendors who had performed sanding/salting and plowing activities during a snow event the first week of April. One of those invoices charged for the plowing of 400 spaces at the Lynn garage when the roof contains only 200 spaces; charges were submitted for the plowing of 250 spaces on the roof of the Beverly garage which only has 500 spaces total on 4 levels. There was no review of the invoices or confirmation of the work performed prior to submission of the invoices.
- Republic supervisors traveling between garages and attended lots were initially allowed to be reimbursed for using their personal vehicles on a mileage reimbursement basis @ \$.535 per mile – until it became clear that this was being abused. In May 2017, a single supervisor allegedly traveled over 2,000 miles during the month and was approved by his manager for a reimbursement check of \$1,112; although less than this amount, other supervisors also submitted excessive mileage reimbursement charges that were not substantiated by the employee (via signature) or by their managers. Republic was instructed to place all of their supervisors on an allowance by no later than July 1st (new fiscal year), but to this day – 8 months after contract initiation – no monthly allowance schedule supported by each supervisor's daily schedule has been submitted to the MBTA for review and approval. Fuel reimbursement requests that are not verified (signed) by the employee as accurate, or approved by his/her manager, continue to be submitted by Republic.
- In June 2017, Republic submitted an invoice for staff clothing in the amount of \$1,695 that had a shipping cost of \$677.23; another shipment ordered by Republic cost \$2,250 for the clothing, and \$1,009.95 to ship. It is an irresponsible abuse of client or taxpayer monies for any parking operator to authorize shipments of clothing – a non-critical item for which there was no emergency need in this case – that were tied to such enormous shipping charges.
- In July 2017, Republic submitted multiple invoices for computers, TVs and additional enforcement handheld units (\$5,000) -- with multiple items costing more than \$1,000. Section 42.3 of the Parking Management Agreement requires that the purchase of any equipment in excess of \$500 must receive prior MBTA approval or it will not be allowed as a reimbursable expense. While there are many necessary office items essential to the operation that the MBTA will approve, Republic has almost never requested that approval before purchase. Republic's practice of purchasing first and asking for approval later (if at all) continues to this day.

- For the first several months of the contract, Republic submitted “individual” credit card slips as evidence of gasoline charges incurred for its fleet of enforcement vehicles and maintenance trucks. No fuel or other charge of this type should be approved unless it can be shown to be an MBTA-related expense. Yet, individual Republic staff would submit their personal credit card receipts as evidence of a fuel purchase for an MBTA vehicle (of course, it could easily have been for their own personal vehicle). This practice should have never been allowed by Republic and, at a minimum, should have been audited while ongoing. It was not until August that Republic required that all gasoline charges be made using Republic corporate credit cards issued explicitly for “Maintenance/MBTA” or “Enforcement/MBTA” vehicle fuel purchases. Republic has been instructed to review these records monthly for any irregularities regarding either the number of fuel purchase or the pattern of purchases by the individual enforcement and maintenance staff in possession of the credit cards.
- Since May 2017, Republic has incurred excessive time charges every month for failure to have their daily deposits ready for pick-up by Brinks armored car service at its scheduled time. In one month, the excess time charges alone exceeded the total basic monthly charges of \$1,200 for the two pick-up locations (Wonderland and Braintree). The majority of the delays occurred at the Wonderland Garage site. Despite repeated warnings and directives to rectify, Republic has still not satisfactorily addressed the problem and eliminated all of the additional monthly charges.
- Republic entered into a major subcontract beginning in July 2017 with PayByPhone to provide the pay-by-phone services required for customers to make daily payments (or obtain monthly parking permits) at MBTA parking facilities. That subcontract contained a graduated fee schedule whereby PayByPhone would charge 13 cents for every transaction up to \$1.5 million annually, 11 cents for every transaction between 1.5 to 2.5 million annually, and 10 cents for every transaction over 2.5 million annually. Republic management failed to track the number of MBTA transactions being made every month and approved several PayByPhone invoices for payment that did not comply with this fee schedule. The MBTA staff ultimately identified the PayByPhone billing errors, recovered the overcharges, and instructed Republic to carefully audit/track PayByPhone transactions going forward.

Conclusion

Because the MBTA entered into a management-type contract with Republic, it was expected that all of the expenditures Republic approves and submits for payment to the MBTA would be carefully reviewed and self-audited. Republic is charged with minimizing the overall cost of their operations and treating the Commonwealth of MA taxpayer monies “as if it they were their own.” Republic management has not shown the level of fiscal responsibility and oversight expected of a parking operator, indeed any publicly-funded contractor. The local management staff – with the exception of the Republic Office Manager – is not intimately familiar with the budgeting system that is in place (as it should be), was slow to provide a general ledger (G/L) coding system for MBTA expense items, and does not have a process in place requiring functional line managers to receive MBTA approvals prior to major expenditures. That cost estimates or purchase orders are not received, reviewed, and approved by Republic management (and passed onto the MBTA for their approval) before services are rendered indicates a fiscal irresponsibility, an absence of accounting discipline, and a callous disregard for public funds.

Republic’s Unauthorized Use of Subcontractors and Its Inefficient Use of Equipment Purchased by the MBTA for this Contract

The Republic FY18 budgets were approved with clear commitments by Republic that they would perform certain important contract duties using Republic employees, and would use equipment that was purchased by the MBTA explicitly for those purposes. In each of the instances described below, Republic replaced its staff with subcontractors – often without MBTA notification, authorization or approval. Republic also failed to realize substantial maintenance-related cost savings by not utilizing the vehicles and other equipment that was purchased by the MBTA at the onset of this contract. Republic’s negligence on these issues have driven the overall cost of the parking contract higher than the approved budget levels, and higher than the costs incurred by the previous parking operator.

#6

“Spring Cleanup”. Republic failed to provide the in-house staff and equipment to execute a “Spring Cleanup Plan” for all MBTA Parking Facilities as required by the PMA. Spring cleanup activities encompass (a) the sweeping of sand that remains from winter snow operations from MBTA surface lots and the roofs of the garages, (b) the landscaping (mowing, trimming, mulching) of all facilities at the beginning of spring and the pick-up of leaves in the fall (to prevent drainage problems during the winter), and (c) the painting of parking stall lines, directional arrows, crosswalks, etc. in the surface lots and garages. The MBTA has historically required that this work (minus leave pick-up) be finished by May 15th. Republic had the options of doing the work in-house or of hiring subcontractors for the work, but insisted during contract and FY18 budget discussions that they would do the work in-house with Republic staff and MBTA purchased equipment.

Republic failed to develop adequate staffing plans and to purchase the needed landscaping equipment, and fell considerably behind schedule, so they decided that the spring cleanup activities would have to be performed by outside contractors. They then proceeded – in almost all cases without purchase orders or cost estimates signed or authorized by a Republic Manager and without MBTA approval -- to subcontract the following vendors to perform the work across the MBTA parking system. As shown below, Republic authorized subcontractors for clean-up work during this past spring/fall season at a cost of over **\$307,000**.

May	Done Right	\$ 17,806.36	Landscaping
May	Done Right	\$ 31,771.60	Landscaping
May	Done Right	\$ 28,691.52	Landscaping
June	All-Way	\$ 24,380.50	Sweeping
June	All-Way	\$ 22,610.00	Sweeping
July	Patriot Paving	\$ 34,620.00	Sweeping
Aug	Patriot Paving	\$ 967.00	Line Striping
Sept	Patriot Paving	\$ 53,354.00	Line Striping
Oct	Patriot Paving	\$ 4,000.00	Leaf Pick-up
Oct	Patriot Paving	\$ 12,000.00	Leaf Pick-up
Oct	Done Right	<u>\$ 77,000.00</u>	Leaf Pick-up
	Total	\$307,200.98	

During FY18 budget negotiations in June, Republic indicated that they would need a total of only \$178,394 for spring cleanup and line striping next year in FY18_(\$90,000 spring cleanup/sweeping + \$88,394 line striping). Again, these are monies budgeted for spending in the spring/fall of 2018, not for the above subcontracted services performed in 2017. Let's assume that the FY18 budgeted amounts for spring cleanup and line striping – a total of \$178,394 – are used as “credits” against the already spent \$307,201; subtracting that from the total above produces a difference (budget overage) of \$128,807 before any spring cleanup/ line striping duties are actually performed in the spring of FY2018.

In fairness to Republic, let's assume that only 50% of the contracted expenses incurred above – or about \$150,000 -- will be needed and expended next spring (not kicked to the next fiscal year) to complete the spring clean-up duties required at that time. Barring any additional as-yet unknown expenses in this category, Republic may well end of spending up to **\$280,000 more** in FY2018 for the combined categories of spring cleanup/line striping than they actually budgeted. Moreover, Republic has still not indicated in its Maintenance SOP how it intends to complete spring cleanup next April/May/June 2018 – with in-house staff or using subcontractors. This represents gross mismanagement of taxpayer dollars.

#7

Garage PARCS Equipment Maintenance and Repairs. Complaints are received regularly from MBTA parking customers regarding the inexperience and inability of Republic garage staff to deal with operational issues that arise with PARCS equipment (access gates, pay-on-foot stations, ticket spitters, etc.) during peak entrance and exit times. Republic stated repeatedly during their selection process and during development of the FY18 budget that, in comparison with previous parking operator (LAZ), their garage staff would be well-trained in the general repair and maintenance of the HUB/ DataPark equipment that is in all of the MBTA garages (except Haymarket where Amano equipment is installed). And that training and experience would result in much lower equipment repair costs to the MBTA. The previous parking operator (LAZ) spent a total of \$95,650 on PARCS repairs in all of the garages in FY17; in comparison, Republic has budgeted a total of \$43,291 for the entirety of FY18 for all garages (\$38,291 for all garages plus \$5,000 for Haymarket alone).

Republic has misrepresented its capabilities in this area, or has failed to hire and train staff to perform even the most basic of maintenance and repairs on the HUB/DataPark parking access and revenue control systems (PARCS) in the garages. During the first four (4) months of FY18 (July through October), Republic staff relied on HUB/DataPark for work that cost the MBTA a total of \$43,580, with the majority of the calls for simple tasks that Republic garage attendants and/or managers should have been capable of performing. At this rate, Republic's failure to train their garage staff in these duties will manifest itself in annual PARCS expenses that not only exceed Republic's estimated FY18 budget (they already do), but will also exceed the annual costs incurred by the previous parking operator for comparable repair work.

#8

Garage Cleaning. Republic has also failed in its commitment to regularly clean the MBTA garages using equipment the MBTA purchased at its expense for that purpose. At the outset of the current parking contract, Republic developed the specifications and placed the order for several heavy-duty garage sweeper-scrubbers and utility trailers that the MBTA subsequently purchased for their use with monies from a separate MBTA capital account. Republic received two new Tenant scrubber-sweepers costing a total of \$107,576 (annual lease cost of \$3,270 monthly), and two carry utility trailers @ \$2,700 apiece for an additional \$5,400. These units were approved for purchase by the MBTA based on the commitment from Republic that, as is common industry practice, the Tenant sweepers would be transported by the trailers between the garages on a regular schedule and used to

maintain their cleanliness. No MBTA capital funds for this purpose were ever given to the previous parking operator. Unfortunately, the trailers that were purchased for this purpose were not equipped or strong enough for such transport, so Republic spent an additional \$3,936 to install a ramp and reinforce the chassis on each trailer. Republic moved ahead with its retrofit of the trailers without notifying the MBTA or receiving its approval.

Republic has yet to use either of the scrubber-sweeper units on a regular basis at their current “homes” in the Quincy Adams and Wonderland garages; and has not yet transported either of the sweeper-scrubbers to clean any other garages. In fact, Republic hired a subcontractor to power wash the Wonderland Garage before the winter – with MBTA approval and at an additional cost of \$14,400. This was yet another case of staff and equipment mismanagement by Republic.

#9

Republic LPR Enforcement Program. The vast majority of the MBTA parking facilities are surface parking lots where there are no cashiers or automated pay stations to collect the daily parking fee. Parking payments at those facilities are made using the customer’s license plate number and a pay-by-phone provider – PayByPhone – who accepts parking payments made via a mobile app, made on-line at its website, or made over the telephone. MBTA parking customers can also subscribe to a multi-day or monthly parking permit through PayByPhone. If a customer does not enroll in PayByPhone, he/she is identified by their vehicle registration and sent an “invoice” at the end of the month with an amount due (there is \$0.50 surcharge on every citation when invoiced). A late payment penalty of \$10 per citation is incurred if payment of the monthly invoice is not received within 30 days of the date of invoice mailing. This PayByPhone payment option exists in all of the commuter rail parking lots, in most of the so-called attended lots serving the subway system, and even at a limited number of MBTA parking garage.

Under the prior parking operator, those who did not pay their parking fee daily using the PayByPhone app or monthly permit, were identified by field enforcement staff using handheld units to manually scan each vehicle’s state inspection sticker for vehicle registration information, or by inputting vehicle plate information directly into the unit, and comparing them with the database of paid vehicles for that day. If a vehicle owner had not paid his daily parking fee, he/she was “issued” a daily citation and an invoice was sent to the customer at the end of the month with all of the daily citation charges accumulated over the month.

As described in the Parking Management Agreement, Republic proposed to replace the use of handhelds with mobile license plate recognition cameras and software so as to speed the enforcement process by taking a video of each parked vehicle’s license plate directly from a passing enforcement vehicle. This would replace the much slower process of scanning the vehicle inspection sticker, reduce the number of staff (and labor cost) needed to cover all of the MBTA lots, and even allow for multiple enforcement passes each day to increase enforcement revenue.

The MBTA recognized that the execution of Republic’s parking enforcement program was contingent on the acquisition of a fleet of enforcement vehicles outfitted with Genetec Autovue high resolution License Plate Recognition (LPR) units (camera plus computer processing components). Republic’s program called for the purchase of 10 Toyota RAV4 vehicles at a cost to the MBTA of \$266,495 with the installation, operation and support of a complete LPR system costing an additional \$579,953 – for a total one-time capital cost to the MBTA of **\$846,448**. No comparable MBTA capital funds for this use were ever given to the previous parking operator. Of course, there are also additional operating expenses – in this case, there is the additional annual expenses of vehicle insurance (\$37,500 annual), vehicle fuel

(\$50,000 annual), vehicle maintenance (\$15,000 annual), LPR replacement parts (\$10,000 annual), and the cost of cellular service for the vehicle laptops and office internet access (\$15,000 annual) – which brings the first year total cost of the “LPR enforcement system” to almost **\$1 million**. Again, it was promised that most (if not all) of these expenses would be “recovered” by reducing the number of parking enforcement officers (and their attendant payroll/benefit expenses) needed to provide the necessary coverage for all of the MBTA parking facilities, and by increasing the frequency of enforcement (and hence the number of citations issued) on a daily basis.

None of the cost savings promised by Republic via its deployment of the LPR fleet are being realized. Under the previous parking operator (LAZ), a total of 882 hours of staff time was applied each week to enforcing all of the MBTA parking facilities at least one time per day. The LAZ enforcement operation resulted in the issuance of between 45,000-55,000 “first notice” citations every month and 15,000-17,000 second notice citations with a net monetary value of between \$400,000 and \$430,000. Because Republic was told it was acceptable to mimic LAZ’s enforcement operations for several months, Republic’s parking enforcement officers (PEOs) spent 766 hours weekly enforcing the MBTA system in June 2017. That number of hours climbed to 850 hours weekly in August 2017 in response to MBTA complaints that not all of the parking locations were being enforced every day and remains at that level to this day (October 2017 weekly hours devoted to enforcement totaled 854 hours). In October 2017, the field staff administering Republic’s enforcement program issued a total of 57,664 first notice citations and 20,897 second notice citations with a net monetary value of \$391,300.

When measured by the number of PEO’s (full- and part-time) being employed, Republic’s enforcement labor costs are virtually the same as the previous parking operator. Republic’ enforcement operation is also comparable to the previous operator in terms of the coverage that its PEO staff provides – i.e., the number of lots enforced daily, the number of lots enforced on weekdays vs. weekends, and the frequency of daily enforcement in each lot. And when compared to the previous operator, Republic is issuing virtually the same number and dollar value of parking citations each month. The only measurable difference in the operations is the cost -- after 8 months of operation, Republic’s enforcement operation has cost the MBTA almost **\$1 million more** in new vehicles and LPR equipment to execute (say \$200,000 annually if equipment amortized over 5 years), realized no labor cost savings, and shows no potential of generating the increased citation revenue that was promised as a benefit of LPR technology deployment.

#10

Snow Removal Expenses. Another costly failure by Republic to date lies in its mismanagement of its deicing and snow plowing responsibilities. Due to the sheer size of the MBTA parking system, snow contractors are retained and deployed every year to keep the MBTA parking facilities plowed and safe during winter snow events. We know that the previous parking operator LAZ spent an estimated \$2,000,000 annually to pay its snow contractors to de-ice and plow snow at most, but not all, of the MBTA parking facilities. This \$2 million expense did not include the cost of de-icing and plowing on the roofs of the MBTA garages during every snow event. All of the plowing on the garage roofs was done in-house by the LAZ maintenance staff with their own sanding/plowing equipment. This \$2,000,000 annual cost also did not include the additional expense incurred by the MBTA every year to remove snow piles from selected surface lots or garage roofs after storms when those piles occupy too many parking spaces.

In its proposal and when developing the FY18 budget, Republic stated its intent, as LAZ had previously, to have its own maintenance staff handle all of the de-icing and plowing that might be needed during

the upcoming winter season on the roofs of the nine MBTA garages (Haymarket is plowed by MassDOT contractors). Republic would do this using the six (6) F-250 trucks they had ordered and outfitted with plow equipment, and the MBTA had purchased for them in April 2017 using monies from a separate MBTA capital account. The 6 trucks + plows cost the MBTA a total of \$213,631, while the plowing accessories and plow blades cost roughly \$7,000 per truck, for an additional \$42,000. While the payroll and other costs of the maintenance staff to plow the garage roofs were included in Republic's annual operation budget, the capital cost of the equipment was not.

Republic just finished its snow bidding process and selected five (5) snow contractors to perform the de-icing and snow plowing that will be needed at the MBTA parking facilities over the course of this winter. That effort resulted in snow contracts that will cost \$2,591,680 annually for each of the next 4 years and will fund de-icing and snow plowing activities at all of the MBTA parking facilities (lots and garages) for the entire FY18 snow season (the season officially began November 1st).

Unfortunately, the trucks that Republic ordered and purchased were F-250 XL models – vehicles that are too big to maneuver in and through the garages up to the roofs. In addition, none of the current maintenance staff Republic hired have operated, or been trained to safely operate, snow plowing equipment. As a result, Republic cannot perform any de-icing or plowing activities on any of the garage roofs as it intended and budgeted-- and that will drive the amount the MBTA will have to spend in FY18 to plow snow well above what has been spent in previous years.

We know from the final Republic FY18 snow vendor price list that the cost for de-icing and plowing at the nine MBTA garages will be \$408,907 (again, the removal of snow piles will be extra). Based on a cost of \$42,000 for the truck plows and accessories, and \$408,000 for the "replacement" snow contractors, Republic's failure to follow-through on their commitment to de-ice and plow the garage roofs will result in an additional subcontractor expense of \$450,000 this year above that which was expected. Republic also opted to execute 5-year snow contracts with its vendors, thereby "locking" this subcontractor arrangement and this annual rate in for a period of 5 years [Note: the vendor agreements do provide "escape" clauses if needed]. As a result, Republic's mismanagement of this one issue alone will cost the Authority slightly **over \$2 million** for deicing/plowing the MBTA parking facilities over the next 5 years. Republic cannot offset this additional expense by reducing their maintenance staff as they are employed year-round for other duties at the garages – in sum, this is taxpayer money that cannot be recovered.

#11

Transfer of Expense of Parking Conditions Assessments to Other Contractors. Republic also misrepresented its capabilities and failed to fully comply with the "facility assessments" requirement of the Parking Management Agreement. Republic was required by the PMA to prepare and submit to the MBTA by May 31, 2017 what are called "full facility condition assessments" for all MBTA parking facilities. The general purpose of a facility assessment is to identify those physical or operational elements that the MBTA should target for preventive maintenance at each facility. To date, the MBTA has received what might be called "partial" facility assessments for a very small number of its parking facilities, and Republic has no written plan, staff expertise, or apparent intention of performing and completing facility assessments at any other MBTA parking facilities.

Faced with no substantive parking facility assessments from Republic – yet charged to increase spending on "state-of-good" repair projects – the MBTA through its Capital Delivery Department initiated and completed an RFP process in the summer of 2017 for the purpose of selecting two (2) on-call contractors to perform these parking condition assessments. Walker Parking and AECOM were each

recently awarded \$5 million contracts (\$10 million total) to perform these assessments and identify specific plans for preventive maintenance and capital expenditures at those MBTA parking facilities (garages) in greatest need.

Conclusion

Republic has failed to implement many of the cost saving measures promised during its selection process, required in the Parking Management Agreement and Scope of Work, and budgeted for FY18. Its use of subcontractors instead of its own in-house resources to perform duties that previous parking operators successfully completed -- within the budgetary limits approved for Republic -- will not only increase the overall cost to operate the MBTA parking system during this fiscal year [Note: Republic expenditures are already projected to be considerably over budget], but during every future year of the 5-year contract term. The cost savings and efficiencies expected by providing Republic with numerous new vehicles and other equipment have been squandered by their inefficient or incompetent management. And despite repeated requests from MBTA parking services staff, Republic has still not provided definitive plans (see below) on how it intends to perform the most basic of its duties going forward.

Republic's Failure to Comply with the Requirements of the MBTA Parking Management Agreement (PMA) and Scope of Work

Republic is required to develop a series of unique parking plans and operating budgets describing how it will achieve the objectives of this contract; a complete description of the types of plans and other requirements Republic must prepare and comply with are found in Formal Contract No. 100-16 between the MBTA and Republic Parking (RFP released September 14, 2016), and the Management Agreement between the MBTA Republic Parking System for Management of MBTA Parking Facilities, executed April 1, 2017 (hereafter referred to as the PMA). After eight full months of operation, Republic has failed to fully comply with any of the primary contract requirements or calendar deadlines.

The Parking Management Agreement and Scope of Work requires Republic to submit five unique parking plans and operating budgets defined by the management approach they were selected to implement. These plans, listed below, were required to be developed and submitted to the MBTA for approval sixty (60) days after the April 1, 2017 start date of the contract (i.e., by June 1st):

1. Parking Garage Operations Plan (covering all 10 MBTA parking garages);
2. Surface Lot Enforcement Plan (covering all MBTA surface parking lots on rapid transit and commuter rail lines);
3. Parking Facility Maintenance Plan (covering all MBTA parking facilities – surface lots and garages);
4. Parking Program Administration & Finance Plan; and,
5. Parking Technology Solutions Plan (covering Operation of Customer Service Center and Plan for the Integration of Parking Technologies).

The PMA Scope of Work identifies in detail the specific items and functional issues that should be covered in each of the above parking plans, or “standard operating procedures” (SOPs) as they are commonly called. It is important to note that all previous parking contracts entered into by the MBTA required that all bidders provide draft SOPs prior to selection – as a tool to evaluate the operator’s

qualifications, their familiarity with industry standards, and their proposed approach to managing the unique MBTA parking system (i.e., organization and staffing plans, capital requirements, operational policies, etc.). There was no such requirement in the selection process that led to Republic's selection as the parking operator for this contract.

Republic provided the MBTA with their first "draft" of each of the above SOPs on the June 1, 2017 – a date upon which the MBTA Parking services staff began to urge Mr. Rowe to impose non-compliance penalties. They were all found to be of extremely "poor" quality in both their content and understanding of the MBTA parking system. The MBTA Parking Services staff subsequently met with all of the key Republic management and operations staff during July and August 2017 to provide them detailed comments and suggestions for improvement, to provide them with copies of the Parking Management Agreement and Scope of Work (which inexplicably most had not seen), and to even provide some of them with copies of Republic Parking's own corporate "Standard Operating Procedures" for reference (which incredibly many were also not aware of). The MBTA Parking Services staff gave Republic an August 31, 2017 deadline to submit revisions to the SOPs – but they were not submitted at that time and concerns on the part of the MBTA Parking staff mounted on several fronts. The MBTA Parking Director and his staff called at that time for Republic to be issued a formal notice of non-performance and given a deadline to remedy the many items of non-compliance that had arisen – including but not limited to the deficient SOPs – or face daily monetary penalties.

MBTA Director of Revenue Evan Rowe began in early September to discuss Republic's (non)performance directly and privately with Republic's Vice President Jack Skelton on a weekly basis, and finally on September 19, 2017 officially notified Republic, in writing, of his intent to impose "penalties for non-compliance to the Scope of Work" on Republic if the deficient SOPs were not improved and delivered to the MBTA "by 5 pm EDT on Friday, October 13, 2017." The MBTA Parking Director and his staff were unaware of the exact content of this September 19th letter until October 23, 2017 when it was referenced in a performance review letter given to Mr. Friend by Mr. Rowe; they were unaware that the letter focused solely on the SOPs and were not provided a copy of the letter until October 30, 2017. However, the MBTA Parking Director and his staff were instructed by Mr. Rowe at the time to provide him with detailed comments on Republic's revised SOPs once they were received.

Republic submitted their "revised" or "final" SOPs to the MBTA on September 26, 2017 – one week after receiving Mr. Rowe's letter – and they were found to be the exact same documents Republic had submitted back in June-July (with exception of the Administration and Finance SOP). Despite the extensive comments by MBTA staff and lengthy meetings, Republic had not updated or revised any of the documents in any meaningful way – a sign of client disrespect that I have never experienced in my professional career. I have never witnessed a vendor disregard the directions of his client – in this case the MBTA Parking Director and his staff – unless instructed to do so or told that it would not result in any repercussions.

A full accounting of the shortcomings of each of Republic's SOPs can be found in the October 19, 2017 document prepared by the MBTA Parking Director and staff entitled, "MBTA Comments on RPS-SOPs submitted 09-26-2017." Mr. Rowe forwarded those comments and suggestions in their entirety to Mr. Skelton in an email dated October 30, 2017 with such comments as, "While there's been progress since the initial submission, there's still a lot missing," and "Please read and review with your team . . . and provide me with a plan to update and resubmit." It is important to note that Mr. Rowe did not send this email to the MBTA Parking Services staff or to the local Republic management staff; did not provide

Republic with any new deadline for resubmission of the SOPs, and did not start to impose the penalties promised in his September 19th letter. Once again, that September 19th letter stated his intent to “withhold \$100 per uncompleted plan, per day, from RPS’s management compensation” if the plans were not completed to “mutual satisfaction” by October 13th. It was now clear that Mr. Rowe never had any intent to notify Republic of all the contract terms they were in violation of, or to impose any penalties for non-compliance.

Republic’s inability after multiple tries to describe how it is operating the MBTA parking facilities is very disconcerting – it calls into serious question the competence of the local Republic staff and their ability to manage each of the functional programs that comprise the MBTA’s overall parking program. To understand the depth of this problem, I have provided below a “abbreviated listing” of some of the major shortcomings and deficiencies that Republic has yet to address in each of its SOPs.

#12

Garage Operating SOP. Republic is required by Section 40.1 of the Parking Management Agreement to prepare a Garage Operations Plan (hereafter Garage Ops SOP) describing how each of the garages will be managed; the relevant components of that plan are specified in some detail in the Agreement and Scope of Work. This SOP should touch upon every aspect of a garage’s operation from its staffing, access and revenue equipment, revenue and ticket controls, daily reporting requirements, audit procedures, and emergency procedures. Republic submitted Garage SOPs for all 9 of the MBTA garages, and one for Haymarket (a MassDOT garage). Each of them were almost exactly the same in their content, and in what was missing:

- The Garage SOPs (or Administration and Accounting SOP) do not describe the basic duties and responsibilities of the Republic cashier/attendants during their shifts, including their responsibilities re: maintenance of the PARCS equipment, the handling of cash from the POF machines and Fee Computer, and their role in the development of cashier shift reports and daily reports.
- The Garage SOPs do not describe the duties of Republic’s Supervisors – both those dedicated to a particular garage (which some apparently are) and those “floating” among several garages and presumably serving attended lots as well. The current SOPs are extremely vague as to Supervisor duties. While supervisors apparently pick up the cash daily from the garage drop safes and bring it to the Northside/ Southside counting rooms, it is not known who closes/settles the revenue equipment each day/night, or who collects the settlement slips/reports from each piece of revenue equipment and reconciles it with the DataPark settlement reports. It is not even known which Republic Supervisor is assigned to what group of attended lots and how they audit the work being done daily by cashiers in the attended lots. Incredibly, Republic has not yet provided the daily schedules and assigned routes for every “floating” Supervisor.
- The Garage Op SOPs do not contain up-to-date staffing plans showing the operating hours of the garages and the number of Republic staff (full-time and part-time) employed during each shift. The staffing plans are often inaccurate – for example, the current staffing plan at Route 128 garage calls for two (2) attendants to be on-duty between the hours of 3-7 PM on weekdays so as to assist with any problems that may arise during peak exiting times. The SOP has a single attendant on duty between the hours of 3-7 PM weekdays.
- The Garage Op SOPs do not fully describe the access equipment in each garage: the number, location and type of all entrance and exit lanes; the number, location and type of all entry/exit card readers, entry magnetic/barcode ticket dispensers, loop counters, gates, etc.
- The Garage Op SOPs do not fully describe the number, location, and type (cash/credit card, credit card only) of all Pay on Foot (POF) equipment, fee computers and displays, validators, and/or stand-

alone Point of Sale (POS) credit card units in each garage, or the location of the DataPark CPU and system processing features in each garage.

- The Garage Op SOPs do not provide complete rate schedules for each MBTA facility, including daily rates, multiple day rates, monthly rates (if applicable), and validation groups/discounted rates. These are all of the rates that would be on a cashier shift or daily report. At Haymarket, no list of the companies who have been issued a validation stamp and qualify for reduced daily rates is provided.
- The Garage Op SOPs do not identify the garages where PayByPhone is available, how many and where the spaces are located.
- The Garage Op SOPs do not describe the number and location of the EV charging stations, handicapped parking spaces, compact car spaces, premium parking spaces, and/or Zipcar spaces that are in the garages.
- The Garage Op SOPs do not describe the controls, procedures, or separation of duties in place in the garages (or at the attended lots) during the period when tickets are being dispensed; daily transactions are being processed by each POF unit, fee computer, and/or POS unit; and the daily cash revenues are ultimately being collected by garage staff and placed into the garage safe. And while the POF Settlement report, cashier shift reports, and tickets are mentioned in the A&A SOP, there is no mention or description of them in the Garage SOPs.
- The Garage Op SOPs do not provide a copy of the Cashier Shift Report (CSR) that is used in each of the garages (and in the attended lots) describing the parking location; cashier name and shift (if applicable); shift starting and ending time; the revenue collected from each revenue-generating unit in the garage (POF, fee computer, POS unit); total revenue; the details of tickets collected by product and rate code and amount; the opening and closing ticket numbers from all ticket issuing dispensers in the facility; a record of any tickets or validation coupons/tickets taken into inventory at the location during the day; and a detail of the sale of validation coupon books on that day (if applicable).
- The Garage SOPs do not describe the process for settlement each day for each piece of revenue equipment in the garage (POF, fee computer, POS units) and provide a sample of a typical settlement report.
- The Garage SOPs do not describe the time of day when each POF machine, fee computer (if any), and/or POS unit (if any) in each garage is “closed;” who closes or settles the machines for the day; and who then prepares the attendant shift or daily report for each cash/CC unit.
- The Garage SOPs do not provide a description of the controls in place to manage the keys in each garage (keys to office, storage areas, bathrooms, cashier boots, PARCS equipment, safes, etc.).
- The Garage SOPs do not describe the procedures that are in place at all of the garages and attended lots to manage and control the parking ticket inventory (for the automated equipment as well as manually dispensed tickets). The SOP does not identify who is responsible for safeguarding tickets, replenishing ticket stocks when they are low, and for ensuring that the tickets are used in sequential order.
- The Garage SOPs do not describe how the tickets issued and collected at the garage every day are tracked and stored – with special attention to the “zero value” tickets.
- The Garage SOPs do not describe the checks that should be made to ensure that all zero value tickets that are accepted (e.g., vendor voids, spitter voids, misplaced monthly pass void, etc.) are processed appropriately and that signatures (if required) are found. They do not describe the procedures to ensure that the validation coupons or tickets accepted by each attendant/cashier are for validations authorized for the location and that the sequence numbers of any tickets are within the sequence numbers of those sold.

- The Garage SOPs do not describe the lost ticket procedures that are in place at every garage or how the overnight inventory is performed each night (requirement of Parking Management Agreement).
- The Garage SOP for Haymarket does not mention of the Coupon Sales Log that exist there and how it is used and monitored.
- The Garage SOP for Haymarket does not contain a list of the companies who have been issued a validation stamp and qualify for reduced daily rates; there is no description of the controls in place for the validation stamps; and there is no process described for regularly auditing total monthly validation activity for patterns of abuse.
- The Garage SOPs do not describe the process and procedures employed by staff to inventory and track validation coupons that are sold at the Haymarket and Lynn Garages.
- The Garage SOPs do not describe the different types of monthly parker arrangements that exist at each garage and how they work –e.g. using TAP (debit) cards, or monthly (pre-paid) access cards. The Garage SOPs do not describe and provide the number of monthly parkers/accounts and access/TAP cards at each garage, or Republic’s procedures and requirements for maintaining the monthly parking and TAP card databases at each location.
- The Garage SOPs do not describe the monthly invoicing process for each type of monthly access card available for use, the initial cost of an access card as well the cost of replacements, and the anti-pass back and lock-out procedures that are being applied for monthly parkers with access cards as well as TAP card holders.
- The Garage SOPs do not describe who at each garage is authorized to sign up or cancel a monthly parker and the steps they must take to (a) enter (or delete) a parker into the DataPark access card data base, and (b) enter (or delete) the parker into the billing system (PARIS @ Haymarket).
- The Garage SOPs do not describe how the monthly payments received are credited against the invoice (if applicable) and how any balances on the A/R are reviewed and handled each month.
- The Garage SOPs do not describe the Republic reconciliation process – i.e., steps to ensure that all active key cards are accounted for, that the number of active keycards does not exceed those authorized for the account, that appropriate billings are issued, and that the TAP cards issued do not have negative balances (i.e., are being used without payment).
- The Garage SOPs do not describe PCI Compliance and Skimming Prevention Programs and policies that Republic has in place to protect customer credit card data. PCI Data Security Standards come with serious consequences - failure to comply with PCS-DSS requirements can result in stiff contractual penalties or sanctions from members of the payment card industry.
- The Garage SOPs do not describe Republic’s procedures for responding to the most common of events – i.e., a claim by an MBTA parker of vehicle damage, personal property loss, or personal injury. There is also no discussion of the report requirements triggered should a Republic employee be injured while on duty.

#13

Facility Maintenance SOP. Republic is required by Section 40.2 of the Parking Management Agreement to prepare a Parking Maintenance Plan (hereafter Maintenance SOP). The requirements specified for this SOP are the most detailed of all SOPs in the

Agreement. Despite this detailed guidance, Republic’s Maintenance SOP remains lacking in many areas:

- The Maintenance SOP does not describe the facility-specific maintenance requirements that are unique to some locations – e.g., the storm water maintenance program at RTE 128. This is probably the most important maintenance item at RTE 128 and it should be explained in depth (manuals should be attached).

- The Maintenance SOP still does not describe the assignment of responsibility for landscaping, sand removal, line painting, etc. that Republic management expects between Republic staff and subcontractors.
- The Maintenance SOP does not provide job descriptions for the maintenance staff who are dedicated to the garages as well as those who “float” from surface lot to surface lot. The Maintenance SOP does not describe the rules and routes for the maintenance staff responsible for keeping the surface lots clean.
- The Maintenance SOP does not contain a detailed description of the features of CMMS-Fixx, the software database Republic has selected to use for monitoring vehicle conditions, maintaining equipment inventories, assigning daily housekeeping duties to staff, identifying and assigning special projects, scheduling preventive maintenance, and reporting parking garage and lot conditions.
- The Maintenance SOP does not contain any discussion of OSHA safety requirements and protocols that all maintenance staff should be trained and compliant with when on-duty (e.g., wearing safety glasses, gloves, vests, etc.).
- The Maintenance SOP does not identify the hazardous/flammable materials (if any) used in maintenance operations, how they should be handled, how and where they should be stored, and what to do in the event of a spill or release.
- The Maintenance SOP does not contain a section describing Republic’s vehicle maintenance program – i.e., the type and frequency of maintenance (oil changes, tire rotations, etc.) that will be performed on all of the MBTA-purchased LPR cars and maintenance trucks. [Note: a spreadsheet tracking this does exist, however].
- The Maintenance SOP does not mention the requirements of the MBTA Snow Removal Guidelines re: de-icing and plowing, snow removal, snow vendor selection and equipment, and location-specific snow plans.

#14

Enforcement SOP. Republic is required by Section 40.3 of the Parking Management Plan to prepare a comprehensive Parking Enforcement Plan (hereafter Enforcement PEO) that describes the number of employees assigned to the enforcement plan and how they will be deployed; the specific enforcement routes that will be traversed to ensure coverage at all MBTA parking facilities; the frequency of enforcement (weekday and weekend) and PEO schedules (deployment, vacation, sick/personal leave, meal/break policies); a description of the Genetec equipment and software procedures for the collection and transmission of vehicle registration data; and a description of the integration process between PayByPhone and Violation and Ticketing System (VATS) provided by Municipal Citation Solutions (MCS). The Enforcement SOP must also contain Republic’s guidelines for PEO appearance and uniforms; a guidance manual on the proper use of the enforcement equipment (vehicles, LPR cameras, radios, in-vehicle computers, and hand-held enforcement units); and a description of the process for the issuance of citations, for the processing of invoice and notice procedures, and for citation adjudication. Republic has provided little of the documentation required above.

- The Enforcement SOP does not describe all of the equipment (LPR vehicles, LPR cameras and in-vehicle computers, handheld devices, other supplies) in-vehicle as well as labor resources that comprise Republic’s enforcement program.
- The Enforcement SOP does not provide job descriptions for the staff assigned to the execution of the enforcement program, an up-to-date staffing plan (weekday/weekend coverage, full-time/part-time staff), a detailed description of the enforcement routes each staff person is responsible for, or evidence to demonstrate that all surface lot locations must be enforced at least once a day (North/South areas).

- The Enforcement SOP does not describe the features of the Genetec LPR system and the training program that enforcement staff has to complete to satisfactorily perform their daily duties.
- The Enforcement SOP does not describe how the enforcement staff are managed and monitored – in terms of timekeeping, employee breaks, vacation/sick day coverage, compliance with route assignment, and regular productivity evaluation.
- The Enforcement SOP does not describe any of the reporting capabilities of the enforcement program components (e.g., Genetec, PayByPhone, MCS-VATS) and provides no sample reports by which the success of the enforcement program can be measured.
- The Enforcement SOP does not discuss the relationship between the Republic’s Enforcement Program and the Customer Experience Center as it relates to the issuance of citations, the appeal process, and the processing of customer invoice payments.

The poor quality and lack of organization of Republic’s enforcement program was no more evident than in Republic’s response to the MBTA’s request to develop and implement a plan to convert eleven (11) MBTA lots from their cashiering mode to non-cash or unattended mode. This lot conversion effort has been a priority of the MBTA ever since the theft of monies from the attended lots by the previous operator was discovered. It also represented a way to reduce the high labor costs that had resulted from Republic’s hiring practices.

Republic submitted a partial lot conversion plan to the MBTA in early August 2017 (PayByPhone marketing plan only), and followed it up with a more definitive Lot Conversion Plan and Schedule on September 15, 2017 in the form of a PowerPoint presentation. On September 22, 2017, the MBTA staff provided its response to Republic’s draft plan in a detailed memorandum in which it sought answers to numerous questions regarding the reasonableness of their proposed schedule, the elements of the PayByPhone marketing effort both before and after the removal of cashiers (post “go-live” date), Republic’s proposed use of existing staff, and (most importantly) how Republic would deploy its current enforcement staff to provide the needed additional enforcement coverage at the lots once the cashiers were removed. Republic was instructed not to proceed with their then proposed “go-live” date of Monday, October 16th until satisfactory answers were provided to the MBTA staff.

Republic failed to provide adequate responses to the MBTA’s concerns, yet scheduled another “go-live” date of November 1st for converting the Malden, Sullivan and Orient Heights parking lots. Republic again failed to provide simple descriptions of their current staffing levels and enforcement routes and how they would be modified once the lot conversions took place. By then, the MBTA staff also had concerns over the ability of the CEC staff to handle the increased volume of customer calls that would follow the conversion as well as the increased volume of citations, citation appeals, and payments that would need to be processed. The November 1st date was cancelled with another promise by Republic that it would provide a detailed accounting of its PEO deployment schedules/routes – current and post-conversion. On November 15, 2017, Republic made yet another attempt to set the conversion date for November 29, 2017 – but once again provided insufficient data to support its proposal. Incredibly, and to this day, Republic has not (apparently cannot) provide the MBTA with a definitive description of its enforcement deployment program (staffing and routes) current and post-conversion.⁸

⁸ Multiple Republic and MBTA staff memos, emails and their attachments are available for further information.

#15

Customer Experience SOP. Although the Parking Management Agreement does not explicitly require a separate SOP for its Customer Experience Center, the MBTA requested that Republic prepare one for its so-called Customer Experience Center (CEC), describing how it will handle all MBTA customer-generated inquiries, questions, complaints, citation appeals and payment processing in a thorough and timely manner. The current SOP is missing such basic items as:

- The CEC SOP does not provide an overview of the RPS Customer Experience Center and how it has been designed to satisfy the objectives required by the MBTA, including its relationship with the MBTA Experience Center staff and the IRIS-HEAT program/logs.
- The CEC SOP does not address many of the requirements of the Management Agreement; for example, the CEC is required to monitor the IBM Watson Dashboard data and reports being channeled there from DataPark, Genetec, MCS/VATS, PayByPhone, and other software systems feeding Republic’s technology platform; and field calls from the intercoms in the MBTA garages. There is no discussion of any of this in the document.
- The CEC SOP does not provide job descriptions for all of the staff assigned to the Customer Experience Center, with distinctions between those who work the different shifts (as necessary).
- The CEC SOP it does not describe and discuss the step-by-step procedures and policies that will be applied when responding to specific type of inquiries and requests, including requests for appeals of citations.
- The CEC SOP does not describe Zendesk - what it is, how it works, and how it will be utilized by Republic staff to fulfill the objectives of the Customer Experience Center.
- The CEC SOP does not describe the Ring Central phone system – what it is, how it works, and how it will be used to improve the efficiency and responsiveness of the Customer Service Center staff.
- The CEC SOP does not describe the specific performance measures or metrics that will be used to evaluate the responsiveness of the CEC to MBTA customer inquiries and questions, and the productivity of individual staff.
- The CEC SOP it does not describe any of the weekly and monthly reports that will be generated and sent to the MBTA summarizing the CECs activities and responsiveness to MBTA customer issues.

#16

Parking Technology Solutions Plan. Republic is required by Section 40.4 of the Parking Management Agreement to prepare a Technology Solutions Plan (hereafter Technology Solutions SOP) that describes how it will implement and integrate the numerous parking-related technologies it was deploying under this contract. Republic has never delivered this plan, opting instead (with MBTA approval) to focus on the development of its **IBM Watson Internet of Things (IoT) Platform** to bring all of its parking technologies together. As described in the Parking Management Agreement, IBM Watson Internet of things (IoT) Platform Analytics was expected to:

... capture and centralize the parking revenue collected from all sources, facility occupancy and activity level data, and the operations and maintenance data from all of the technology being deployed in the MBTA Parking System. IBM Watson IoT is a cloud-based analytic platform that will pull data from the DataPark PARCS equipment in the MBTA garages, from the pay-by-phone app provided by PayByPhone, from the MBTA website, from the Contractors’ Command Center, from the CMMS-Fiix Maintenance management system, from Genetec’s AutoView Mobile LPR system, and from the Municipal Citation Solutions VATS system.” Once assembled, the data would be used to “monitor current conditions, optimize operations, perform advanced planning and run pricing and other simulations.”

Republic’s effort to develop with IBM a data integration platform or parking technology solutions plan has failed miserably and is very costly. Republic estimated the cost of its contract with IBM in FY18 to be \$128,391, with additional monies needed in future years. The Republic-IBM relationship began in May 2017 and has to date resulted in billings in excess of \$160,000 (see below).

\$ 5,871.15	May 2017 monthly subscription services
\$ 6,744.73	June 2017 monthly subscription services
\$ 31,008.00	June 2017 IOT platform install/configuration charges
\$ 65,733.00	July 2017 IOT platform install/configuration charges
\$ 6,744.73	August 2017 monthly subscription services
\$ 16,320.00	August 2017 IOT platform install/configuration charges
<u>\$ 30,600.00</u>	August 2017 IOT platform install/configuration charges
\$ 163,021.61	

The MBTA has made repeated requests for a full explanation of these charges and called for a detailed scope of work with deliverables – but not a single product or deliverable has been produced by the Republic-IBM team. The last meeting with Republic and IBM occurred on September 1, 2017, at which time it was agreed that there would be no further “development” expenditures (i.e., install/configuration charges), but that the monthly subscription charges would need to continue through the end of the fiscal year. This will cost Republic and the MBTA an additional \$67,450 over the \$163,000 above, and bring the total cost of this project to almost \$230,000 for this fiscal year – a staggering \$100,000 above the approved FY18 Republic budget – and still no scope of work or deliverables.

Despite this non-performance, Republic was found to have created a video and authored a presentation on October 3, 2017 that marketed the objectives of the IBM Watson IOT MBTA Project using the MBTA brand, shows a video taken on MBTA property, and describes a product they have not yet developed. That presentation can be seen beginning at minute 19:00 of the video @ <https://youtu.be/HvAf-D-2W4>. A description of the presentation can also be found in <https://www.ibm.com/blogs/internet-of-things/republic-parking-got2017/>. This presentation and video content was made on MBTA property without the MBTA’s knowledge or approval, and using the MBTA brand without the MBTA’s knowledge or approval.

The MBTA has also already paid Republic a total of \$50,000 as a “Digital Parking Network Data Set-up Fee” for the **ParkMe Parking Mobile App**. While this expense was not explicitly included in the FY2018 budget (it was in the transition budget), Republic has not indicated at any point during their presentations on the IBM Watson project what role (if any) ParkMe will be playing in the overall IBM Watson project.

#17 Administration and Accounting SOP. Republic is required by Section 40.5 of the Parking Management Agreement to prepare a Parking Program Administration and Accounting Plan (hereafter A&A SOP); the relevant components of that plan are specified in some detail in the Agreement and Scope of Work. After several revisions, Republic’s A&A SOP does not yet contain the following important items:

- The A&A SOP does not describe Republic’s staff recruitment procedures and requirements (Interviews, employee background checks, drug testing, driving records, authorization to work in the United States, temporary personnel);

- The A&A SOP does not describe Republic’s human resource policies regarding attendance and time off (Holidays paid and unpaid), FMLA, sick leave and personal leave of absence, vacation, disability);
- The A&A SOP does not describe Republics employee benefits (type of insurance offered, eligibility, coverage options and employee vs company contributions);
- The A&A SOP does not describe Republic’s employee compensation policies (payment of wages, overtime, performance appraisals, rest breaks and meals, time records, code of conduct and ethics, at-will employment);
- The A&A SOP does not describe Republic’s general work rules regarding alcoholic beverages and drugs, dress code, English in the workplace, smoke-free workplace, health and safety;
- The A&A SOP does not describe Republic’s Equal Employment Opportunity/Affirmative Action Policy and Policy against harassment in the workplace;
- The A&A SOP does not describe Republic’s time- keeping systems and controls, including the requirement for management approvals of all employee timesheets;
- The A&A SOP does not describe Republic’s Performance Management and Termination Procedures (discipline process, standard of conduct, causes for disciplinary action/suspension/termination).
- The A&A SOP does not describe Republic’s employee training and development programs;
- The A&A SOP does not describe Republic’s general accounting system and practices [Note: Republic references “RMS” in the current SOP, but there is no description of what this is or how it is being used to satisfy the accounting requirements of the PMA.
- The Parking Management Agreement requires that all cash collected from an attended lot location or garage must be opened and counted by a Money Counter only. Republic’s A&A SOP shows a Money Counter serving the Northside parking facilities, but none assigned to the Southside facilities.
- The A&A SOP states that, “The cash revenue is counted in a secure room, which is under video surveillance, and the bank deposit slip is prepared.” This is not true. The parking management agreement requires that the cash room be a separate and controlled area within the counting office (a) that is monitored comprehensively and continuously by cameras mounted on the ceiling; (b) where access is allowed and available only by authorized counting staff and auditors, and (c) where no clothing, bags or other personal items that might be used to conceal monies are allowed. As required by the contract, the MBTA’s Parking Department, Transit Police, and/or Security Department staff has the right to view the live and recorded video of all activities in the Cash Room at any time. Republic has never installed the required surveillance equipment nor provided the secure counting room as required by the contract.
- The A&A SOP does not describe the procedures used to ensure that daily cash receipts from each parking garage or attended lot within each group are not comingled with cash receipts from other groups or parking locations. It is forbidden to comingle funds from different locations or for company or employee monies to be comingled with MBTA funds.
- The A&A SOP does not contain a description of the content of Republic’s internal audit program and how it intends to perform and complete the required quarterly audits.

Here are several additional examples of Republic’s non-compliance with the Parking Management Agreement:

- The Parking Management Agreement requires Republic to report any and all incidents or accidents occurring on MBTA property or involving MBTA vehicles to the MBTA Transit police and MBTA Parking Services, and to file an incident report describing the circumstances. In July 2017, an enforcement vehicle was in an accident that resulted in \$4,152.49 in damages. Republic never informed the MBTA of the accident when it occurred, and never filed an accident report with the

MBTA police; MBTA staff learned of the accident only after an invoice for vehicle repairs was submitted for payment.

- Section 4.2 of the Parking Management Agreement requires Republic to accommodate any substantive modifications in its operation (e.g., increase or decrease staffing) whenever there is a modification to an MBTA parking facility. This includes updating its Parking Plans and the appropriate operating budgets approved for the fiscal year during which the change is effective. The revised Parking Plans and associated budgets are required to be submitted to the MBTA for approval within thirty (30) days of notification of any change by the MBTA. There have been multiple modifications to the MBTA parking system over the past 6+ months – e.g., closing of Lechmere attended lot, closing of Orient Heights Ocean Ave. lot, the partial closing of Wollaston Lot. Republic has never provided the MBTA with changes to the parking plans or budgets within the 30 day response period.
- Section 7.0 of the Parking Management Agreement requires Republic to carry and maintain Automobile Liability Insurance covering the use of all vehicles (owned, leased, hired and non-owned) with limits not less than \$1,000,000 combined single limit; as well as Umbrella Liability Insurance with limits not less than \$10,000,000 per occurrence and annual aggregate covering all work and services performed under the Contract. The required insurances coverage must be placed with insurance companies licensed or authorized by the Massachusetts Division of Insurance to do business in the Commonwealth of Massachusetts and having a Best's rating of A-or better. Republic has insured the 10 Rav4 vehicles, 6 F-250 trucks, and 2 trailers that were purchased with MBTA monies with a Canadian company as part of a company-wide policy that apparently insures all company vehicles. Unfortunately, the Umbrella insurance limits for the RPS policy are set at \$24 million—which is far in excess of that required by the MBTA and likely responsible for the very high per annual premium of \$3,750 that is being charged to the MBTA for each vehicle (RAV4 as well as F-250 truck). The MBTA vehicle policy needs to be re-written by a licensed MA insurance company with coverages that do not exceed the MBTA requirements.
- Section 11.0 of the Parking Management Agreement requires Republic to create an Information Privacy and Security Policy to be approved by the MBTA that complies with all current laws and best practices to maintain the confidentiality, integrity, and availability of sensitive customer information. Republic has not yet created an Information Privacy and Security Policy applicable to the MBTA operations, nor provided a copy of its corporate Information Privacy and Security Policy (if available) in any of its SOPs.
- Section 34.0 of the Parking Management Agreement requires Republic to supply the MBTA annually with copies of its Equal Employment Opportunity ("EEO") and Affirmative Action Plan. Republic is also required on a quarterly basis to submit to the MBTA's Office of Diversity and Civil Rights a report demonstrating the status of its EEO and Affirmative Action program, including the demographics of its workforce, hiring, promotion and termination rates by race and gender; and the Affirmative Programs it is undertaking to ensure that there are no discriminatory practices or outcomes in employment matters. Republic has yet to prepare or submit its EEO and Affirmative Action plan or program.
- Republic employees are required to wear clothing and identification badges at all times while they are on duty to indicate that they are employees of Republic Parking and are authorized by the MBTA for the duties they perform. Republic employees still do not have or wear the required MBTA ID badges while on duty.
- Republic is required to prepare and submit to the MBTA a budget and projection of income and expense for approval prior to the start of each fiscal year. These budgets should contain estimates of the anticipated revenues from each individual MBTA parking facility or group of MBTA parking facilities, along with itemized expenses estimated as needed to execute the approved operation,

enforcement, technology, and capital improvement programs developed for those facilities. Republic has never produced the required annual budget or projection for parking revenue; it only reports the monthly income it is responsible for collecting on the MBTA's behalf and reported on the daily revenue reports it is required to submit.

- Republic is also required to prepare revenue projections each month based on the changes in the availability of parking spaces that result from the many facility renovation or construction project that affect MBTA parking facilities during the year. The MBTA staff inventory and report those changes to Republic on a regular basis, but no adjustments to parking revenue has ever been made by Republic from that information. The MBTA staff has had to perform this important tracking work for them.

Conclusion

SOPS are designed to achieve efficiency, ensure quality output and the uniformity of performance among staff, and reduce miscommunication and the potential for non-compliance with parking industry standards. Incredibly, after 8 months into the contract Republic management has been unable to produce (or is incapable of producing) a set of step-by-step instructions (SOP) describing how its workers should be collecting and controlling MBTA revenues at our garages and lots, how it intends to maintain all MBTA parking facilities in a “state of good repair”, how it is conducting its parking enforcement program, and how its customer service staff are ensuring that MBTA parkers enjoy a safe and problem-free customer experience while parking in our facilities.

Republic has often used staff turnover as an excuse for its inability to deliver quality SOPs. The Republic senior management plan calls for a General Manager to oversee all program functions and staff. The General Manager has a number of direct reports – a Senior Operations Manager responsible for operations at all of the MBTA parking facilities (garages and lots) north of Boston (North Manager); a second Senior Ops Manager who manages all parking facilities south of Boston (South Manager); a Director of Enforcement to manage all aspects of the field parking enforcement program; a Director to manage the Customer Experience Center; an IT Director; a Business/Office Manager; an Auditor; two bookkeepers; and a Data Analyst. The senior management team also consists of two maintenance managers reporting to the Senior Operations Managers on the North and South. The most critical positions on the senior management team are the Senior Operations Managers – they are each responsible for overseeing the daily operations at multiple garages, attended and unattended lots; for managing the duties and payroll of 50-60 staff persons, including their assigned bookkeeper and maintenance manager; for coordinating with the General Manager and each of the other Directors; and for completing special projects.

In July 2017, both of Republic's maintenance managers resigned from their positions because they were dissatisfied with Republic's management support. Both of the Republic Senior Operation Managers then also resigned in August 2017, leaving a period of 2 months where all 4 of these positions critical to the MBTA program were unfilled; Republic has never filled the Data Analyst position. A senior manager was finally hired several months ago and is temporarily serving as a maintenance manager for the entire MBTA system, while one of the Senior Operation Manager (North) positions was recently filled by a lower level manager. The Senior Operations Manager (South) position remains vacant. While these vacancies may explain in part the difficulty Republic is having in developing its SOPs, they are simply unacceptable excuses for their tardiness and poor quality and yet another manifestation of failed management.

Republic's Failure to Establish the Baseline Conditions (Reports) Essential to Measuring their Performance in a Number of Service Areas Important to the MBTA and Fiscal Management Control Board (FMCB)

When the current parking contract was being developed, it was emphasized that unlike those with previous parking operators it would be a "performance-based" contract, where the selected contractor would be regularly evaluated in the following 5 service areas (hereafter "key performance indicators," or KPIs) :

- Positive Impact on MBTA Parking Revenue (40%)*
- Implementation of Favorable Parking Technologies (30%)*
- Improvement of MBTA Customer Experience (10%)*
- Extraordinary Effort to Maintain & Clean Parking Facilities (10%)*
- Commitment to Establishing Strong Relationship with MBTA (10%)*

Once baseline conditions were established in each area, it was expected that Republic would develop and implement specific activities or programs to advance each service area and, if proven successful, be rewarded with a monetary bonus. It was also expected that the MBTA and Republic would establish a baseline for each KPI at the beginning of the contract and conduct evaluations on a regular 6-month schedule.

The use of KPI's to measure performance depends on the establishment of clear baseline conditions – conditions that are quantifiable whenever possible. For MBTA staff, those baseline conditions were found in the information and data contained in the multiple reports Republic was required by the Parking Management Agreement to produce every week, month, or annually. As described below, Republic has failed to produce several of the most basic metrics and reports by which the MBTA can measure its performance.

The following reports are required, at a minimum, by the Parking Management Agreement:

- a. Parking Plans or SOPs: Required by no later than thirty (30) days after initiation of this Agreement, and modified as necessary thereafter, Republic was required to provide the MBTA with a series of parking plans that describe the staffing, procedures and requirements that will be in place to ensure that all requirements in the Scope of Work will be satisfied with regards to (a) the operation of all MBTA garages; (b) the maintenance of all MBTA parking facilities (garages and lots); (c) the enforcement program being implemented at all unattended lots and garages (limited); (d) the operation of the central command/customer service center and the technology applications being managed by IBM Watson; and (e) office administration (HR, payroll, etc.) and accounting.

As described above Republic has not completed any of these SOPs to the satisfaction of the MBTA and it is clear they are having substantial difficulty describing MBTA operations. Although not emphasized in the previous section, it was expected that all of the following reports would be described in the appropriate SOP and sample tables, charts, etc. provided.

- b. Annual Operating Budget and Income Projection: Required upon initiation of the Agreement, and then annually thereafter for the fiscal year July 1 through June 30, Republic is required to provide the MBTA with an operating budget for each parking facility (or group of facilities) that details the income and expenses, such as payroll and subcontractor expenses, anticipated for the upcoming fiscal year.

Republic did provide the MBTA with an expense budget for fiscal year 2018, but has never discussed or submitted revenue “budgets” or income projections to MBTA staff.

- c. Maintenance Report: On a monthly basis, Republic is required to provide the MBTA with a summary report indicating the maintenance activities performed (weeding/mowing/clearing of brush, cleaning of drains, power sweeping, pre-emergent applications, cleaning of stairways (garages), testing of fire alarms, pump and oil/water separators (garage), elevator inspections, and landscaping activities that have been performed or completed during the month. This report should also document the nature of all equipment malfunctions and repairs that were performed, and be developed from the CMMS-FiiX computer database that contains maintenance logs, work orders, and other records. By May 15th of each year, Republic is obligated to provide the MBTA with time and date- stamped digital photographs of all the areas at each parking facility that have been landscaped.

Republic has provided a monthly vehicle maintenance log on google docs, and did provide a weekly summary of the work completed at the North Side lots (until the Maintenance Manager resigned), but has yet to provide any weekly or monthly reports based on the data and information in the CMMS-FiiX database.

- d. Customer Service Report: On a monthly basis, Republic is required to provide the MBTA with copies of the customer service logs of all complaints and how they were addressed or resolved at all of its parking facilities.

The MBTA Customer Experience staff produce monthly summaries of the number of tasks that have been assigned to Republic and the number that remain in “open” status based on total number of HEAT incidents (complaints, inquiries, suggestions, commendations) that are logged into the system each month. They also provide the MBTA Parking staff with a breakdown each month of the nature of the parking complaints (i.e., invoice, lot not clean, PayByPhone issue, citation issue, other) received and responded to each month.

Republic, on the other hand, set up a CEC Issue Track log in google docs, but stopped using it at the end of August 2017. They have also produced selected graphical summaries showing the duration of the calls it receives, analysis of the call results (connected, not connected, to voicemail), and agent call activity by call result to evaluate employee productivity. They only recently defined a number of customer service metrics that they intend to use going forward (e.g., service level, response time, blocking rate, first call resolution rate, impact of shrinkage, average handle time, etc.), but have yet to provide a definitive set of reports on those measures a regular basis. Republic was required to prepare and administer a Parking Customer Survey during the first 90 days of the contract, but has yet to do so.

- e. Snow Report: On a (snow) event-by-event basis, and in accordance with the MBTA Snow Guidelines, Republic (through its snow contractors) must provide the MBTA with a snow event lot, along with time and date-stamped digital photographs of each facility at the end of each snow and/or ice event.

TBD – an event lot has already been set up by the MBTA parking staff for Republic, and the MBTA Emergency Operations Center staff have prepared a designated file this year for the placement of photo, so this requirement should be easily satisfied.

- f. Revenue and Utilization Report: On a daily and monthly basis, Republic is required to provide the MBTA with a full accounting and reconciliation of the revenue collected (matched to daily deposits), the number of vehicles parked, and the number of pay-by-phone and monthly permit parkers at each of its assigned parking facilities.

The MBTA Parking staff designed a revenue report for Republic’s use at the beginning of the contract and they have used it in accordance with MBTA guidance re: necessary supporting documents, reconciliation, etc. ever since. Daily reports on facility utilization are not a part of this Revenue Report however.

- g. Occupancy Report: Republic is required to provide the MBTA with a daily profile of parking occupancy by time of day in each MBTA garage or lot.

Despite repeated attempts to generate informational tables, Republic has never provided this critical report to the MBTA. Garage occupancy data has been compromised by problems with the DataPark equipment and efforts to centralize garage data into a central server, but daily surface lot occupancy estimates should have been easy to produce. The IBM Watson IoT platform was also intended, at one point, to generate this information from its integration of the various parking databases – but that has not materialized either. In the interim, the MBTA OPMI department has developed an occupancy dashboard that can project periods of peak parking occupancy at each MBTA parking facility based on historical data it has accumulated for conditions that existed prior to Republic’s April 1st arrival. It’s extremely disappointing that Republic has been unable to produce this report.

- h. Enforcement Report: On a monthly and daily basis, Republic is required to provide the MBTA with a comprehensive report on the enforcement and collection activities at each of the MBTA Parking Facilities (e.g., number of missed days/routes or locations, number of vehicles identified by LPR vs. hits in registration data exchanges, number of daily violations issued and their value, number of invoices and notices sent, number of payments received, and A/R aging report).

The Republic MCS-VATS reporting system contains a large number of reports that are and can be used to satisfy this reporting requirement. The Monthly Summary Report is the one now used by Republic on the most consistent basis. Republic will periodically produce reports on lot coverage, PEO productivity, and lot routes, but have yet to produce a standard set of reports for MBTA review and evaluation.

Conclusion

The Parking Management Agreement pays special attention to the type and frequency of reports expected from Republic because once defined those reports (a) reflect the operator’s depth of understanding of the multiple programs that comprise the MBTA parking system, (b) provide a consistent and uniform basis upon which changes and patterns in each functional area (e.g., revenue, citation issuance, PEO productivity, budget compliance) – positive or negative – can be quickly discerned, and (c) provide the baseline conditions essential to the key performance indicators (KPI) and determination of incentive bonuses (if any). Candidate activities or programs associated with the different KPIs cannot even be defined

without the establishment of baseline conditions. Republic's inability to establish baseline metrics and conditions for each KPI – conditions that would be reflected in the weekly, monthly, and annual reports stipulated in the Parking Management Agreement – has been a huge disappointment for the MBTA, indicative once again of Republic's mismanagement of staff resources.