



# **Massachusetts Bay Transportation Authority**

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## **Parking Management Request for Proposals**

**Recommendation to Award**

**February 6, 2017**



## Parking RFP: Overview

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- The FMCB directed MBTA staff to review its current parking management services contract and explore alternatives
- A thorough RFI and RFP process was conducted from Spring 2016 through February 2017
- MBTA's Evaluation Committee has selected Republic Parking System, LLC as the best value partner for the MBTA
- Seeking FMCB approval to award contract



## Parking RFP: Background

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### Background

- **MBTA Parking Facilities Under Management:** 9 MBTA garages, 1 MassDOT garage, 90 surface lots
- **Existing Management Contract:** Signed with LAZ Parking in 2013
- **Contract Covers:** Management and staffing of facilities; payment and lot enforcement; basic maintenance; snow plowing and removal
- **Contract Doesn't Cover:** Major capital investment



## Parking RFP: Goals

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### **Goals, as Previously Directed by FMCB**

- Better Customer Experience
- Grow MBTA Revenues
- Improve State of Good Repair
- Reduce Administrative Costs
- Better Incentives for Vendor
- Increased Use of Technology



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## Parking RFP: Process

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Date	Action
Spring 2016	RFI Submissions; RFP Development
9/14/16	RFP Released
10/28/16	7 Responses Received
11/7/16	In-person respondent presentations
12/9/16	Received Requests for Clarifications (technical proposals)
12/16/16	Finalized Technical Scoring
1/12/17	Received Requests for Clarifications (financial proposals)
1/17/17	Selected Shortlist of 3
1/19/17	Shortlist interviews
1/26/17	Received Best and Final Offers from Shortlist; Interviews with Operations Managers from Shortlist
1/30/17	Committee selected finalist



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## Parking RFP: Evaluation Committee and Decision Process

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### **Best Value Procurement**

- **Not solely price-based:** MBTA parking system generates approximately \$50 million in annual gross revenues (before management fees and bond payments); need for real technical and managerial expertise to maximize value for our customers
- **Technical evaluation focuses:**
  - Qualifications of firm
  - Operations plan
  - Customer service
  - Maintenance and sustainability plans
  - Technology implementation and innovative approaches
  - Auditability and reporting

### **Evaluation Committee**

- **Voting Members:** Parking, MassDOT Real Estate, Capital Delivery, Customer Experience, and E&M Asset Management
- **Advisors:** Procurement, Revenue, Industry Consultants, Legal, Environmental



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## Parking RFP: Key Elements of Performance Contracting Approach

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### Current Contract Structure

- **Administrative Fee:** Single-bid number reduced transparency around actual costs, making change orders and other adjustments difficult to fairly compute and execute
- **No Incentives for Improved Performance:** Contractor has no incentives to grow revenue, improve customer service, reduce administrative costs, or otherwise add value
- **Negative penalty regime:** Lots of small penalties for noncompliance; onus on MBTA to enforce
- **Price-based bid:** Limited focus on capabilities of vendor

### New Contract Structure

- **Active Budget Management:** MBTA will approve budgets on a monthly basis and better understand costs and opportunities
- **Incentive Pool for Excellent Performance:** Contractor can earn real upside by achieving against “stretch” KPIs (revenue, transition, customer experience, maintenance, and other metrics to be defined and updated regularly)
- **Reducing Costs through Technology:** Implementing mobile license plate recognition technology at more facilities to reduce overhead
- **Best value procurement:** Balanced approach between technical and financial components



## Parking RFP: Robust Competition

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## Parking RFP: Republic Parking System

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### **Strong Financial Position**

- Owned by Imperial Parking, backed by major pension plan

### **A Good Fit for the MBTA – Sectorally and Strategically**

- 90% of Republic's business is with municipal clients, including major muni-owned systems like Houston, Charlotte
- Republic has rolled out technology implementations across numerous municipal clients, including Hartford, Charlotte, Chattanooga, and others
- MBTA will be Republic's largest single client; regional clients include Cambridge and Hartford



## Parking RFP: Adding Intelligence to MBTA Parking Operations

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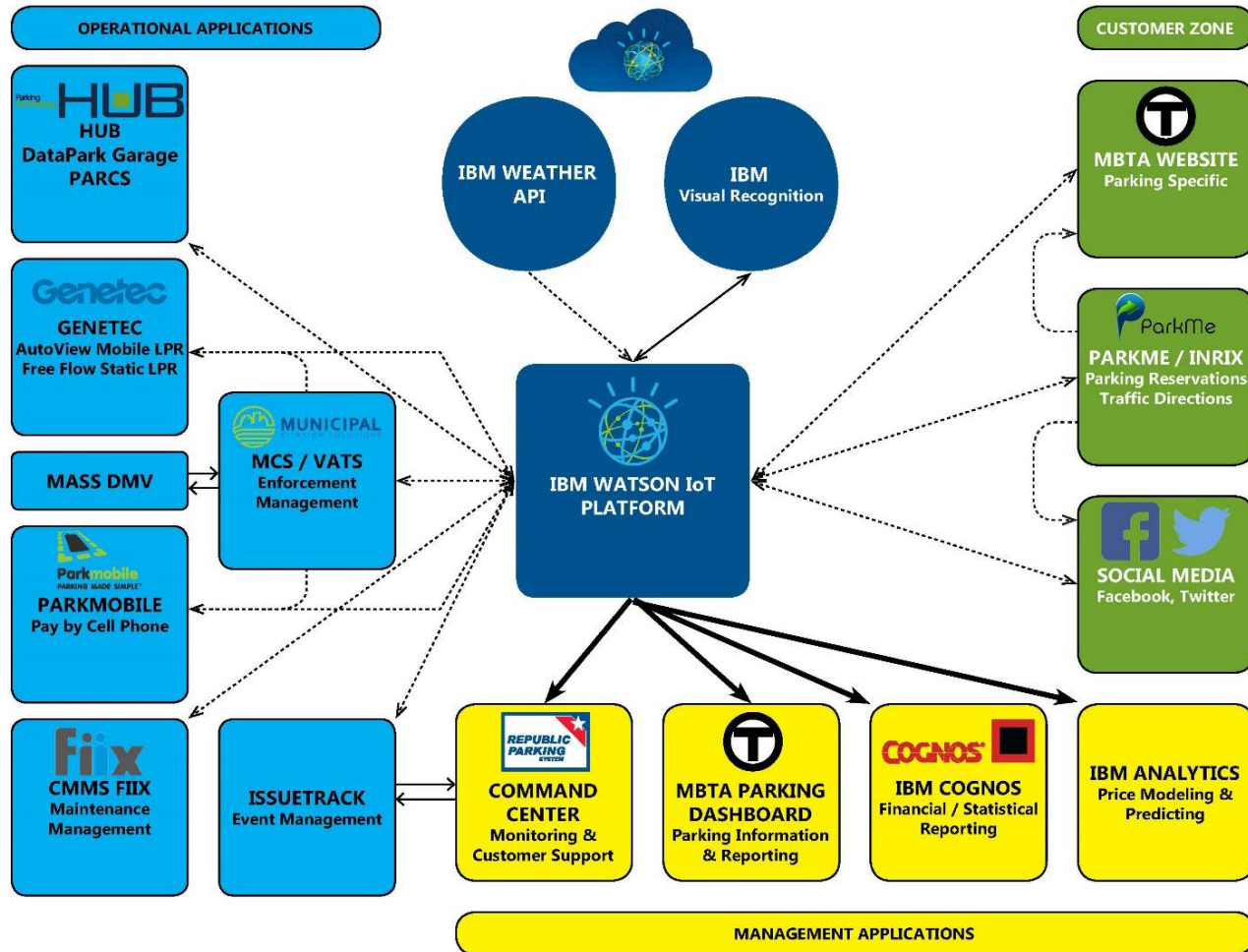
### **IBM Watson Enables Republic and MBTA to use Big Data to Optimize:**

- Enforcement routes
- Maintenance programs
- Parking rates
- Customer service

First-ever deployment of Watson technology in parking context



# Parking RFP: New Technology Integration





## Parking RFP: More Efficient Enforcement

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- Best-in-class technology to ensure parking payment
- Substantial anticipated reduction in enforcement costs

*From on-foot enforcement...*



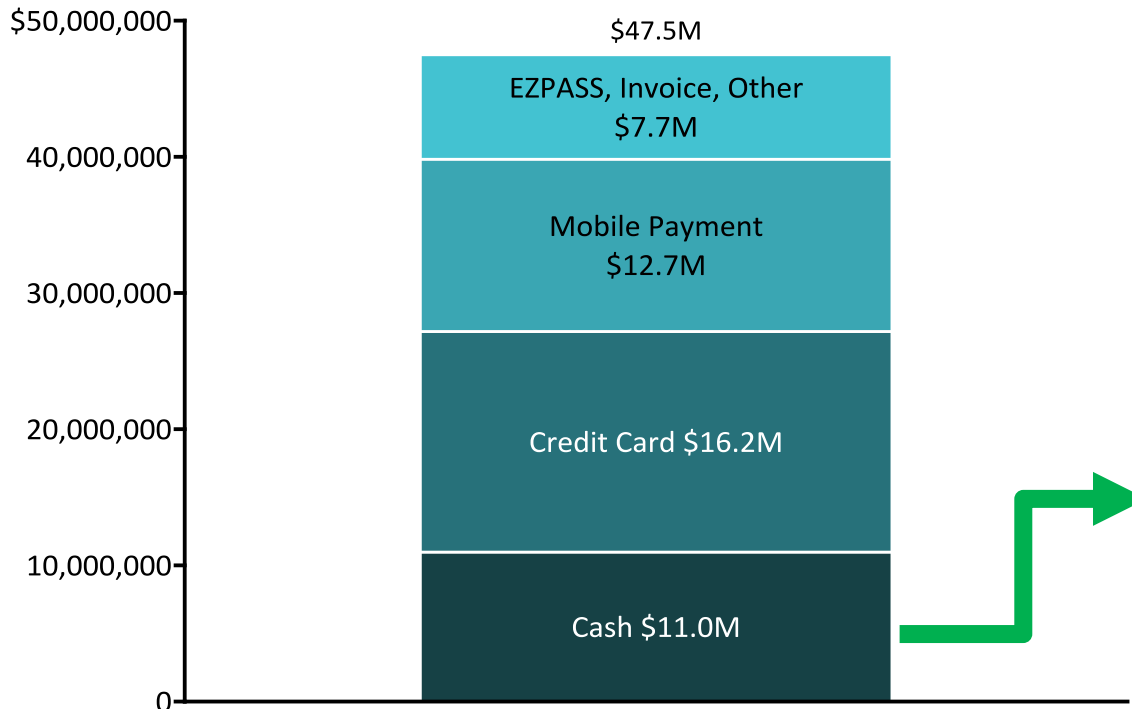
*...to mobile camera technology*





## Parking RFP: Reducing Cash in the MBTA Parking System

### FY16 Parking Gross Revenue Data

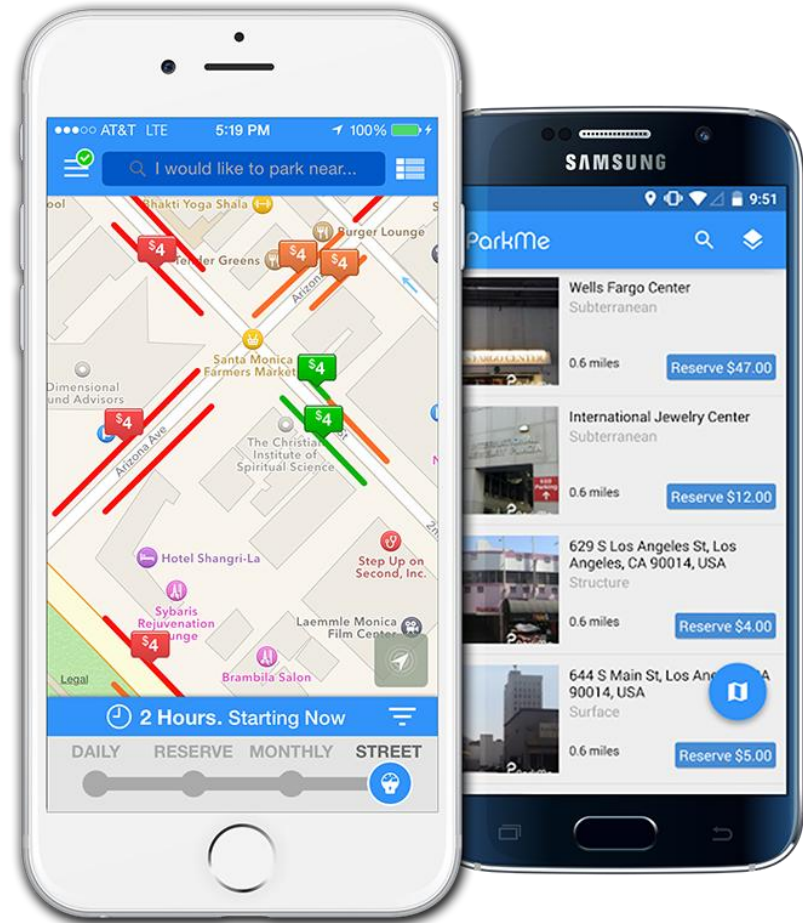


New technology will reduce cash usage from \$11.0M to \$2.8M (based on FY16 data)



## Parking RFP: Real-time Garage Occupancy Data through Parkme

Real-time garage occupancy data in MBTA garages pushed to Parkme mobile app and MBTA parking site – with more integrations through IBM Watson





## Parking RFP: Renewed Focus on Cleanliness and Maintenance

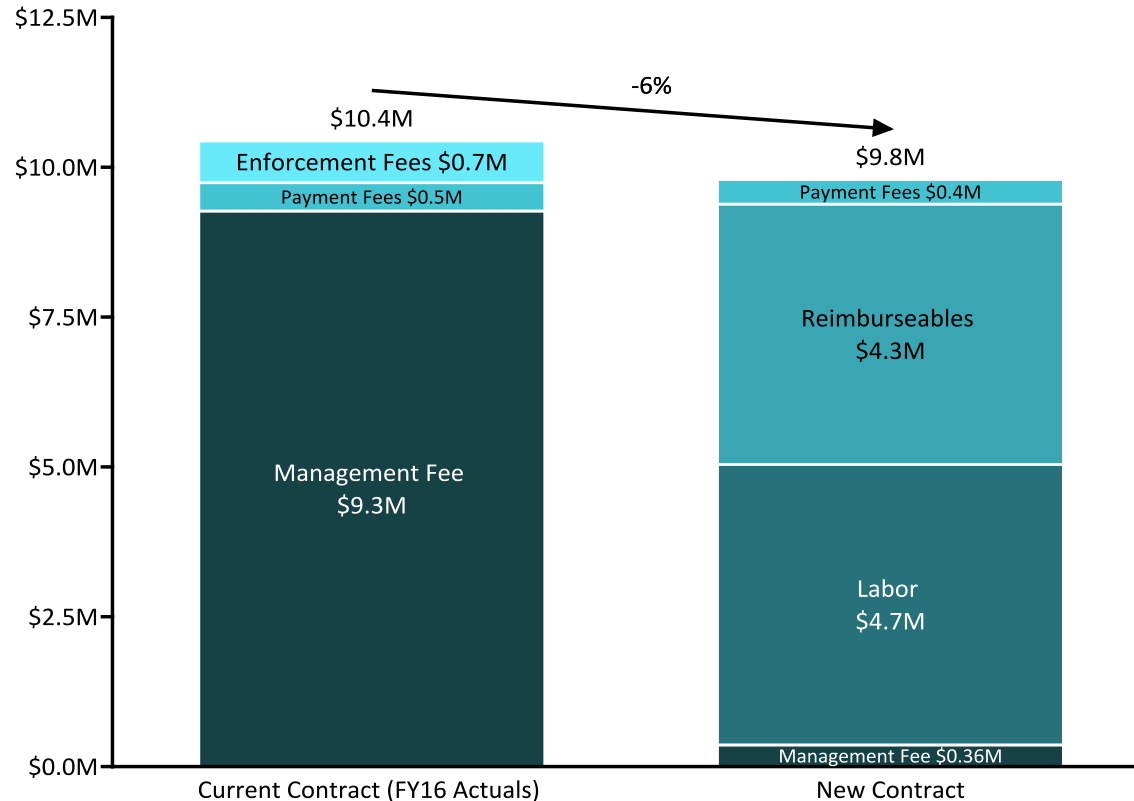
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- New signage for facilities
- Republic furnishing two sweeper/scrubbers for frequent facility cleaning
- Investing in garage cleanups across whole MBTA system
- Allocating funds for new revenue control equipment – more reliable and easier for customers





## Parking RFP: Even With Additional Benefits, and Conservative Staffing Levels, Projected Operating Cost Reduction Compared to Existing Contract



Analysis holds seasonally variable costs (snow plowing and removal) constant.





## Parking RFP: Rollout Plan

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### 1. Today – March 31: Transition

- Coordination between Republic and incumbent
- Hiring staff, completing operations plans

### 2. April 1: Contract Changeover

- Republic takes over in all facilities
- Implement new operating and maintenance procedures
- New technologies live



## Parking RFP: Contract Terms

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- Five-year initial term, with two five-year extensions at the MBTA's discretion
- Greater integration with MBTA APIs and technology platform
- Full audit access and detailed reporting requirements
- Full compliance with MBTA's standard terms and conditions
- \$3 million Performance Bond, \$5 million Fidelity Bond
- Strict penalties for revenue discrepancies
- Clear end-of-contract transition components



## Parking RFP: Staff Recommendation to the FMCB

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Award of a new Parking Management Services Contract: Formal Contract #100-16 with Republic Parking System LLC of Chattanooga, TN, for a duration of five years, with two subsequent five-year options to extend at the MBTA's discretion.