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Inspector General

**OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY**



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**Contract Oversight Report
CA-2020-0015**

**Palm Beach County
Department of Airports**

**Contract Administration Review
Airport Parking Facilities
Management Agreement**

April 22, 2020



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CONTRACT OVERSIGHT REPORT CA-2020-0015

DATE ISSUED: APRIL 22, 2020



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PALM BEACH COUNTY DEPARTMENT OF AIRPORTS CONTRACT ADMINISTRATION REVIEW AIRPORT PARKING FACILITIES MANAGEMENT AGREEMENT

SUMMARY

WHAT WE DID



The Palm Beach County Office of the Inspector General (OIG) conducted a Contract Administration Review of Palm Beach County's (County)

Airport Parking Facilities Management Agreement (Contract), R2016-0863. The period reviewed was from September 1, 2016 through January 10, 2020.

The Department of Airports (Department), Parking Services Division (Division), utilizes this Contract for managing the parking facilities and providing shuttle services to parking lots and garages at the Palm Beach International Airport (PBIA). The contract vendor is ABM Aviation, Inc. (ABM).

The purpose of the review was to assess the County's contract administration practices, determine the County's compliance with the contract specifications, and make recommendations and suggestions to improve the County's contract administration process.

Additionally, this Contract Administration Review:

- Verified ABM's performance of its contractual responsibilities for operations and management of PBIA's parking garages and providing shuttle services.
- Determined the contractual reporting responsibilities for ABM.
- Determined ABM's compliance with the terms of the Contract.

WHAT WE FOUND

We found that the County and ABM were compliant with the requirements of the Contract.

We also found that the Division utilized appropriate contract administration tools and techniques in performing its contract administration responsibilities.

Additionally, the Parking Contract Coordinator and the Security Manager employed effective contract administration

principles.¹ These principles are outlined as follows:

Contract monitoring is an essential part of the contracting process. Monitoring should ensure that contactors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. Without a sound monitoring process, the contracting agency does not have adequate assurance it receives what it contracts for.²

The scope of responsibilities for the Division, and the management of PBIA's parking facilities and shuttle services is

extensive. The County's contract administration process is timely and effective, especially given the high customer traffic and large transactional volume found in operation of the parking lots.

WHAT WE RECOMMEND

Through our review, we found that the Department and ABM complied with the requirements of the Contract.

The Division utilized proper contract administration tools and techniques in managing the Contract. Therefore, we have no recommendations.

¹ In this context, contract administration and contract monitoring are synonymous terms.

² National State Auditors Association, 'Best Practices in Contracting for Construction Services', 2005, p.5, https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2005_Construction_Services.pdf.

BACKGROUND

The County issued Request for Proposals (RFP) No. PB 16-1 for the operation and management of the airport parking facilities and shuttle services at PBI on February 1, 2016.

The RFP stated:

The successful vendor would be responsible for managing the parking operations at Palm Beach International Airport (PBI) including: parking facility services, cashiers, maintenance and janitorial personnel, license plate inventory specialists, and administration personnel. The vendor would also be responsible for the airport shuttle buses from the parking lots and garages to the airport, including bus drivers and related support services.

The County received six proposals. On May 11, 2016, the selection committee unanimously recommended, to the Palm Beach County Board of County Commissioners (BCC), award of the contract to ABM Parking Services, Inc. The BCC awarded the Airport Parking Facilities Management Agreement to ABM Parking Services, Inc. on July 12, 2016, via Resolution R2016-0863. The term of the Contract is from September 1, 2016 through September 30, 2021, with one two-year option to renew.

On August 15, 2017, Amendment 1 to the Contract was approved by the BCC. Amendment 1 updated the Americans with Disabilities Act (ADA) provisions to comply with current laws, clarified the secret shopper program³ to be conducted by an independent third party "as directed" by the Department in lieu of four annual visits, updated the reimbursement policy for employee healthcare benefits, clarified that the secret shopper program is a reimbursable cost, updated the Operations and Procedures Manual to include an employee training program, and added provisions to the Federal Non-Discrimination Covenants for ADA compliance and Federal assistance through the Airport Improvement Program.

On February 6, 2018, the BCC approved a Consent to Assignment by Virtue of Merger of the Airport Parking Facilities Management Agreement to ABM Aviation, Inc., the sole surviving, successor entity to ABM Parking Services, Inc.

From October 1, 2018 through September 30, 2019, PBI's Parking Services gross revenues were \$19,032,218, and operating expenses were \$2,017,070, which included ABM's annual Management Fee of \$136,665.

³ Wikipedia contributors. "Mystery shopping." *Wikipedia, The Free Encyclopedia*. Wikipedia, The Free Encyclopedia, 4 Jan. 2020. Web. 6 Mar. 2020. Mystery shopping (related terms: mystery consumer, secret shopper) is a method used externally by market research companies or watchdog organizations, or internally by companies themselves, to measure quality of service, or compliance with regulation, or to gather specific information about products and services. The mystery consumer's specific identity and purpose are generally not known by the establishment being evaluated. Mystery shoppers perform specific tasks such as purchasing a product, asking questions, registering complaints, or behaving in a certain way, and then provide detailed reports or feedback about their experiences.

OBSERVATIONS

For our review, we interviewed the Parking Contract Coordinator (the person designated by the Airport Director to manage and oversee this Contract) and the Coordinator's supervisor, the Security Manager.

In accordance with the Contract, ABM is responsible for managing PBIA's parking facilities, parking operations, revenue collection, and operating the airport shuttle buses from the parking lots and garages. ABM hires and provides shuttle bus drivers and related support services.

The Contract provides that ABM would provide regular reports to the Department relating to the activities and operations under the Contract. On or before April 1st of each year of the Contract, ABM would submit for the Department's review and approval an annual operating budget of the ordinary, direct, and reasonable operating costs and expenses. The approved annual operating budget does not include the Management Fee paid by the County for the services performed under the Contract.



ABM provides shuttle services between the economy lot and the terminal. No shuttle service is provided to the garages or to the premium lot.

Since April 1, 2019, ABM has been responsible for cleaning the Transportation Network Companies (TNC) Lot, which is used by vendors like Uber, Lyft, and Rideshare. ABM does not provide shuttle service to and from the TNC Lot.

ABM is also responsible for parking facility services. These services include: cashiers, maintenance personnel, license plate inventory specialists, drivers, and administration personnel.

Per the Contract, ABM is required to obtain an independent third party vendor to conduct a secret shopper program. The third party retained by ABM currently conducts six to ten secret shopper inspection visits annually.⁴ The Division has recently requested that ABM reduce the number of secret shopper visits in order to reduce costs and because the visits have not identified any issues of concern. The OIG reviewed a sample of the secret shopper reports and observed no issues with the documentation.

⁴ The original Contract languages provided that the "secret shopper" services/inspections of the operation of the Airport Parking Facilities and Shuttle Services shall be conducted a minimum of four (4) times each year or as so often as shall be requested by the Department in its reasonable discretion. Amendment 1 revised the language to require "secret shopper" visits upon the written request of the Department.

The Division has the option to conduct Quality Assurance (QA) reviews of PBI's parking operations and require ABM to immediately take whatever actions are necessary to correct any deficiencies discovered. The Parking Contract Coordinator and the Security Manager stated that QA reviews are conducted on an as needed basis, but to date a QA review has not been performed under this Contract. The Division effectively utilizes the ABM daily reports and contract oversight tasks, in a timely manner, to identify any performance issues related to parking operations long before it escalates to the point that a QA review is needed. For example, the Security Manager and the Parking Contract Coordinator routinely drive through the lots and check on the status and condition of the shuttle buses. The Department's maintenance and security personnel, the Palm Beach Sheriff's Office, and ABM's administrative personnel also perform daily checks on the parking lots and operations. Inspections occur through a variety of methods.

The OIG reviewed other reports from ABM identified in the Contract, including: Cashier Shift Reports, Daily Vehicle Counts, Daily Ticket Usage, and the License Plate Inventory (LPI). The OIG observed no issues with the form or content of these reports.

The Parking Contract Coordinator and the Security Manager explained that the shuttle buses are all equipped with GPS trackers, which compute the route times to ensure that every shuttle stop is serviced within 15 minutes. Reports are periodically run by the Division to verify the route times.



Additionally, the shuttle stops are equipped with call buttons that customers can use to signal the buses for pick-up within 15 minutes. Finally, the shuttle drivers use radio communications to announce when they leave a stop so that the other drivers know to leave their stops as well. This ensures a constant circular flow of the shuttle buses through their assigned routes.

ABM is responsible for ensuring that the buses are fueled, in good operating condition, clean, and that all the safety equipment is operational and tested daily, including ADA devices such as the chair lift. Drivers receive refresher training every six months on bus equipment and ADA safety. ABM performs monthly background checks on all employees and drivers including training and license verification.

ABM is not responsible for facilities maintenance of the buildings, lots, capital equipment, utilities, or computer systems. Maintenance and repair work for the real property is the responsibility of the Department. The parking and revenue control system is from HUB Parking Technology (HUB), and is owned by the Department. HUB maintains the system, including ticket dispensers, car counters, revenue collection equipment, and electronic report systems. ABM's contractual responsibility is to contact the appropriate HUB



maintenance personnel when problems or issues arise. ABM is required to perform only minor preventative maintenance on parking systems equipment, such as cleaning ticket dispensers and cashiering equipment, or oiling toll gate arms.

The Parking Contract Coordinator and the Security Manager verified that ABM logs all complaints, notifies the Division when complaints are received, and promptly investigates and resolves all complaints in

accordance with the contract, except when the nature of the complaint requires the Department of Airports to respond, such as for public records requests.

As to financial matters, the Parking Contract Coordinator and the Security Manager stated that ABM is complying with the Contract by submitting its reimbursable budget annually to Parking Services prior to April 1st. The budget for the upcoming year fiscal year has already been submitted in the amount of \$2.24M. The proposed annual budget is detailed, and outlined the reimbursable expenditures for all categories, itemized monthly, and ABM's Management Fee. The vendor is compliant with the contract provision requiring an external annual audit of the contracted operations. The last audit for October 1, 2018 through September 30, 2019 was submitted to Parking Services on January 15, 2020, and included no findings and no recommendations.

The Parking Contract Coordinator and the Security Manager stated that ABM is complying with the provision of obtaining prior approval from the Division for reimbursable purchases. The Security Manager stated that ABM has never procured anything with a cost over \$5,000, except for the initial lease and purchase of five new shuttle buses, in accordance with the terms specified in the RFP and Contract. ABM's purchase of the five buses was monitored by the County's Purchasing Department to ensure the vendor complied with the County's purchasing policies. After delivery, the buses were tagged as County vehicles.

ABM provides daily revenue reports in accordance with the Contract. (See Exhibit A) The Saturday and Sunday daily report information is kept separate for submission to the Division on Monday. The daily report includes the daily ticket usage and car count reconciliations.

The Parking Supervisor checks the cashiering operations on a daily basis. The car count for credit card and SunPass customers are also verified by the Parking Supervisor. The total parking revenue is reconciled to the County's financial records by the Department of Airports, Finance Division. The Parking Services Division is also responsible for reconciling erroneous charges and transactions to the daily receipts, ticket counts, and car counts.

Conclusion

The Department of Airports, Parking Services Division, is employing effective administration tools, techniques, and practices in managing airport parking services, and oversight of the Airport Parking Facilities Management contract.

LIST OF EXHIBITS

Exhibit A: ABM Parking, PBIA Daily Report, 1/7/2020

RESPONSE FROM MANAGEMENT

The Department of Airports had no comments regarding our conclusions.

ACKNOWLEDGEMENT

The Inspector General's Contract Oversight and Evaluations staff would like to extend our appreciation to the County's Department of Airports, and PBIA's Parking Services Division, for the cooperation and courtesies extended to us during the contract oversight process.

This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Contract Oversight and Evaluations Director by email at inspector@pbcgov.org or by telephone at (561) 233-2350.

EXHIBIT A
ABM Parking, PBIA Daily Report, 1/7/2020

ABM PARKING

Palm Beach International Airport
1000 PBIA , Unit 104
West Palm Beach, FL 33406

DATE: 1/7/20

DAILY GROSS REV/TICKET RECAP		
	COUNT	REVENUE
SHORT-TERM	839	\$3,619.00
LONG-TERM	385	\$13,753.00
PREMIUM	346	\$2,176.00
ECONOMY	134	\$4,664.00
UNADJTED GROSS REVENUE		\$24,232.00
NON-REV TICKETS/VIP	66	\$0.00
OVERAGES		\$0.00
SHORTAGES INC ADJ.GR.REV.		\$0.00
PROMISSORY NOTES PAID (+)		\$0.00
MISC INCOME (+)		\$0.00
TOTAL TICKT/ADJ GROSS REV	1,770	\$24,232.00

BANK DEPOSIT SUMMARY	
ADJUSTED GROSS REVENUE	\$24,232.00
LESS VISAMC (-)	(\$15,519.00)
LESS AMEX (-)	(\$5,552.00)
TOTAL DEPOSIT	\$3,161.00

Bank Deposit	\$3,161.00
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	AMOUNT	FLA TAX	CTY TAX	NET
CASH	\$3,161.00	\$177.25	\$29.54	\$2,954.21
VISA/MASTER CARD	\$15,519.00	\$870.22	\$145.04	\$14,503.74
AMERICAN EXPRESS	\$5,552.00	\$311.33	\$51.89	\$5,188.79
SUBTOTAL CREDIT CARDS	\$21,071.00	\$1,181.55	\$196.93	\$19,692.52
COMBINED TOTAL	\$24,232.00	\$1,358.80	\$226.47	\$22,646.73

DAILY TICKET USAGE					DAILY VEHICLE COUNT 1/7/2020			
DATE:	1/7/20	BEGINING TICKET	ENDING TICKET	TOTAL TICKETS ISSUE	AREA	CAPACITY	CARS IN LOT	SPACES AVAILABLE
SHORT TERM	GREEN A	906440	906549	109	LONG TERM GARAGE			
	GREEN B	772464	773033	569	LEVEL 1	854	712	142
	SUN PASS	942643	942820	177	LEVEL 2	950	740	210
	GREEN C	416276	416331	55	LEVEL 3	913	283	630
				910	LEVEL 4	2366	32	2334
LONG TERM	SALMON A	903204	903536	332	TOTAL GARAGE	5083	1767	3316
	SALMON B	976655	976867	212	LONG TERM (WEST)	199	49	150
	SUN PASS	678306	678483	177	LONG TERM (EAST)	182	18	164
	SALMON C	221837	221864	27	LONG TERM GRAND TOTAL	5464	1834	3630
				748	PREMIUM	184	102	82
PREMIUM	BLACK	565000	565028	28	SHORT TERM	909	226	683
	SUN PASS	671765	671923	158	ECONOMY SECTION A	222	3	219
	BLACK	423623	423806	183	ECONOMY SECTION B	1930	243	1687
				369	ECONOMY SECTION C	913	344	569
ECONOMY	BLUE	286765	286885	120	ECONOMY OVERFLOW	14	14	0
	SUN PASS	251644	251703	59	ECONOMY GRAND TOTAL	3079	604	2475
	BLUE	21734	21752	18	GRAND TOTAL	9636	2766	6870
					197			
				TOTAL TICKETS ISSUED				2224



DAILY VEHICLE COUNT .

DATE: 01/07/20

Long Term	Capacity	Cars In Lot	Available Spaces
Level 1	854	712	142
Level 2	950	740	210
Level 3	913	283	630
Level 4, 5, 6, 7	2366	32	2334
TOTAL GARAGE	5083	1767	3316
Long Term East	182	18	164
Long Term West	199	49	150
LONG TERM TOTAL	5464	1834	3630

Premium / Short Term			
Premium	184	102	82
Short Term	909	226	683

Economy			
Economy Section A	222	3	219
Economy Section B	1930	243	1687
Economy Section C	913	344	569
Economy Overflow	14	14	0
ECONOMY TOTAL	3079	604	2475
GRAND TOTAL	9636	2766	6870