



Robert E. Antonacci II, CPA  
Comptroller

COUNTY OF ONONDAGA

*Office of the  
County Comptroller*

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James V. Maturo  
Deputy Comptroller/Accounting

Philip M. Britt  
Deputy Comptroller/Audit

November 16, 2015\*

Honorable Onondaga County Executive  
Honorable Chairman of the Legislature  
Chief Fiscal Officer  
Commissioner of Facilities  
Director of Purchasing

Re: Contract # 28114 Revenue Contract with Cheyenne Realty Corp. for Management of  
Parking Lots A, B & D.

This contract expired on October 31, 2015 and the County Administration is preparing to re-new this contract.

In the first year of this contract, the County lost \$8,500 per month and it appears the County will continue to lose \$8,500 per month in the second year of the contract resulting in a total revenue loss to the County of \$204,000.

The awarding of the contract in question to Cheyenne Realty Corp. (vendor) was flawed because amongst other things the Purchasing Department disqualified the higher revenue proposal from Syracuse Parking Services, LLC (disqualified vendor).

Additionally, and perhaps more ironic, a potential key vendor was left off the invitation list. SMG, the managers of the ONCENTER facility for the County and manager of the existing open lot and garage adjacent to the ONCENTER was not offered the opportunity to propose. We speculate SMG would have been competitive as they already manage County parking and the lots in question are across the street from parking facilities now managed by SMG for the County.

The contract in question is a revenue contract which means the County receives income from the vendor for the vendor using County assets. In this case the vendor is managing and operating parking lots A, B & D, and by contract is paying the County \$8,000 per month. The vendor then operates the parking lots retaining parking fees and fulfilling other aspects of the contract.

In a revenue contract the higher revenue proposal in this case was from Syracuse Parking Services, LLC as the company offered the County \$16,500, which is \$8,500 per month more

than offered by Cheyenne Realty Corp. The final result is the County lost \$102,000 in revenue in the first year of operation.

When our office brought this matter to the attention of administration officials, primarily the Facility Department charged with contract management, and the Purchasing Department charged with conducting the RFP process, we were advised the higher revenue proposal was disqualified because the principals of Syracuse Parking Services, LLC were somehow associated with Murbro Parking.

Murbro Parking and the County parted ways sometime back over that company's management of the same parking lots. We do not take issue with the concept the County should take caution in dealing with Murbro Parking again as public reports do advise an understanding of its status in the parking community.

However, no analysis was undertaken by the Purchasing Department or Facility Department to ascertain and verify the involvement of the principal of Syracuse Parking Services, LLC in the ownership and control of Murbro Parking.

We have been advised the principal of Syracuse Parking Services, LLC was never a shareholder of the shares of Murbro Parking, an officer of the company or a signatory of any bank account of the company. Accordingly not only is this qualified business being denied an opportunity to do business with the County but the taxpayers are being denied more return of their tax dollars.

We find the arguments Syracuse Parking Services, LLC unqualified to do business with County without merit and in fact remind administration officials the County is doing business with the principal of Syracuse Parking Services, LLC and now has a three year contract with a company owned by the same principal.

Also, Syracuse Parking Services, LLC appears to enjoy a fine reputation in the parking community and we note very large public contracts with government entities such as the New York State Fair on its resume.

In the alternative, assuming arguendo the County administration was concerned of the disqualified vendor's ability to perform several tools could have been used to insure performance. First, the disqualified vendor could have been required to submit a performance bond. Second, the disqualified vendor could have placed a non-refundable security deposit as first and last month rent. Third, the entire process could have been re-issued especially with such a price disparity between the only two proposals and SMG not invited to the process.

When Audit brought this matter forward requesting from the Ways and Means Committee an opportunity to address this issue at the monthly committee meeting we were granted the opportunity but only in executive session. These matters were not discussed in a public forum on the advice of the County Attorney.

Members of the Legislature requested the vendor submit the necessary reporting required under the contract. We acquiesced although we voiced strong objection the profitability of the vendor did not alleviate the loss of revenue to the County. This was then, and is now, a simple analysis—the County is receiving less money for our parking lot from the current vendor when there was a higher revenue proposal on the table for county taxpayers.

Our report is enclosed herewith and any questions can be directed to the undersigned.

Sincerely,



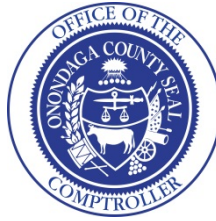
Robert E. Antonacci II, CPA

enclosure

\*The Comptroller's Office was prepared to release this audit in late August 2015. Prior to release, a FOIL request was made by a media outlet. We wanted to receive subject documents of this request, but as of today's date, the Mahoney Administration has not released the requested documents.

Also, in the time between August and today's date, the Comptroller's Office became aware of the intent to renew the subject contract.





## Introduction

The contract for management services of County owned parking lots A, B & D was awarded to Cheyenne Realty Corp. (Cheyenne), effective November 1<sup>st</sup> 2014. The award came after the Request for Proposal (RFP) process. Cheyenne will pay the County \$8,000 monthly for the rights to manage the aforementioned parking lots. At this time, the County has not yet awarded the rights to the Trolley Lot.

The parking lots are defined as Lot A – east of the Justice Center, Lot B – east of the Everson Museum of Art, Lot D – Steam Station, and as an alternate, Trolley Lot – south of the Museum of Science and Technology.

## Recommendations

Audit recommends this contract should be cancelled and its RFP be re-issued. Cheyenne and Syracuse Parking Services, LLC (Syracuse Parking) submitted monthly bids of \$8,000 and \$16,500 respectively. It appears the County did not attempt to negotiate the fee with Cheyenne up from \$8,000. At a minimum, the County should have attempted to negotiate a higher contract amount with Cheyenne than the \$8,000, to benefit the taxpayers. Alternatively, the County could have awarded to Syracuse Parking for the \$16,500 monthly offer with certain safeguards if necessary.

In reviewing the RFP evaluation, it appears there were two main reasons given as to why the contract was not awarded to Syracuse Parking. The first reason was based on Facilities' estimated parking lot expenses and revenues. Based on Facilities' projected expenses and revenues the conclusion drawn was Syracuse Parking would have an estimated monthly deficit in excess of \$4,000 (see RFP evaluation estimate below). It is claimed this projected deficit would jeopardize payments to the County. It is Audit's opinion Facilities' expense estimates may be too high and estimate of revenue may be too low.

Regardless of the estimates, in an arm's length RFP process, the County should have awarded the contract to the higher revenue proposal and implemented safeguards if performance an issue.

The Facilities' Department projection follows:

## FACILITIES' ESTIMATES

### SYRACUSE PARKING SERVICES, LLC

TOTAL ESTIMATED REVENUE	\$17,558
TOTAL ESTIMATED COST	<u>\$5,637</u>
TOTAL ESTIMATED NET	\$11,921

PROPOSED REVENUE TO COUNTY      \$16,500

ESTIMATED NET PROFIT/(LOSS)      (\$4,579)

### CHEYENNE REALTY CORP.

TOTAL ESTIMATED REVENUE	\$17,558
TOTAL ESTIMATED COST	<u>\$5,637</u>
TOTAL ESTIMATED NET	\$11,921

PROPOSED REVENUE TO COUNTY      \$8,000

ESTIMATED NET PROFIT      \$3,921

Secondly, the evaluation inferred the present principal of Syracuse Parking Services, LLC was part of management at Murbro, the same group who did not previously pay the County the parking lot management fee, but has, after litigation, subsequently entered into a payment arrangement/settlement with the County.

### Background and RFP Solicitation

For several years Murbro was providing a monthly management fee to the County to run parking lots A, B & D. Per the last contract with Murbro, the County was to receive \$22,000 in monthly management fees.

In 2013, The County's Facilities Management Department took control of the parking lots from Murbro after a dispute with Murbro regarding non-payment to the County of an agreed upon management fee. Murbro is currently paying the County \$3,000 monthly as part of a settlement agreement.

During the 2014 Facilities budget hearing (September 2013), members of the County Legislature had indicated they would like to see the Facilities Department put the management of the parking lot business out to RFP. Facilities had been managing parking lots A, B & D from approximately April 2013 to October 2014.

The County issued an RFP for Parking Lots A, B & D in April 2014 and awarded the contract in October 2014.

Per the contact list received from Purchasing, there were 6 companies listed to send the RFP solicitation; Cheyenne was not one of them.

All Pro Parking  
Central Parking  
LAZ Parking  
Partnership Properties  
Republic Parking  
Syracuse Parking Services

Per the RFP evaluation sheets, there were 3 respondents: Syracuse Parking and Cheyenne both of whom submitted a proposal. LAZ Parking formally declined to submit a proposal at the time.

It is noted SMG, the management company at the Oncenter, was **NOT** offered a chance to bid.

### **Revenue Issues With The RFP Evaluation**

Cheyenne offered \$8,000 per month and Syracuse Parking offered \$16,500 per month. Audit reviewed the maximum projected monthly permit parking revenue piece of the RFP as well as the special events revenue provided by the Facilities Management Department from April 2013 to February 2014.

Per the RFP documents, there are 103 parking spaces in Lot A, Lot B has 161 spaces and Lot D has 51 spots. Of these 315 spots, approximately 226 spots are available as revenue generators.

Taking the available monthly spots outlined in the RFP documents, the total monthly parking revenue at maximum capacity would be approximately \$17,460 (See exhibit on the last page of this report for the breakdown). We note the following in regards to the RFP evaluations:

- In reviewing the evaluation sheets provided, the Facilities Department concluded Syracuse Parking could not make sufficient revenue to pay the County the proposed monthly amount of \$16,500.
- In their evaluation, Facilities estimated monthly permitted parking (April 2013 to February 2014) to be \$15,891, which may be low.
- Facilities estimate of Special Events monthly revenue appears to be low at \$1,661.
- Facilities Special Events parking revenue provided from April 2013 to February 2014 averaged \$2,642 monthly.

Note: The chart on the next page of this report details the potential monthly revenue for each parking lot based on per unit pricing detailed in the RFP. Note the RFP did not contain per unit pricing for the space in the Trolley Lot; therefore, no monthly revenue is calculated.

<b>Onondaga County Parking Lot Specifications</b> <b>per RFP #14-5100-001</b>			
<b>Location</b>	<b># of Lots Available</b>	<b>Monthly Cost</b>	<b>Monthly Revenue</b>
<u>Lot A - Justice Center</u>			
Justice Center Day Shift	65	60.00	3,900.00
Justice Center Evening Shift	65	40.00	2,600.00
Justice Center Night Shift	65	20.00	1,300.00
Sheriff's designated vehicles	28	-	-
Correctional Health at JC	10	60.00	600.00
	<u>103</u>		<u>8,400.00</u>
<u>Lot B - Behind Everson</u>			
County Employees	127	60.00	7,620.00
Handicapped Parking	6	60.00	360.00
Night Custodial Workers	30	-	-
Employees doing County work	10	-	-
OC Dept Child & Family Srv	14	60.00	840.00
Syracuse City School District	4	60.00	240.00
	<u>191</u>		<u>9,060.00</u>
<u>Lot D - Steam Station Lot</u>			
County Employees	<u>0</u>	-	-
	0		-
<u>Trolley Lot</u>			
Monthly Parking	415	-	-
County Employees	<u>3</u>	-	-
	418		-
<b>TOTAL MONTHLY REVENUE</b>			<u><b>17,460.00</b></u>
per unit pricing pre tax			

## Expense Issues with RFP Evaluation

As noted above Facilities' monthly operating expense estimates in evaluating the RFP was \$5,637. Audit identified the following in regards to some of the estimated expenses:

- Facilities' estimate of paying 1 parking attendant to manage Lot B monthly parking at a cost of \$4,130 appears very high. Even at \$10 an hour, the monthly cost would be approximately \$1,600 (\$10 times 8 hours times 20 workdays).
- Facilities' estimate of \$200 for passes and tickets appears high.
- Facilities' estimate of \$200 a month for plowing snow appears high due to the fact Syracuse Parking has their own equipment for snow removal and sweeping.

<b>COST / EXPENSES:</b>		
Special Events	\$1,032	2 People - 4 hrs. per event Average 12 events per month
Monthly Parking	\$4,130	1 Attendant
Snow Plow	\$200	
Lot Maintenance	\$75	
Tickets / Passes	\$200	Per Month
<b>Total Estimated Cost</b>	<b>\$5,637</b>	Monthly Average

## Trolley Lot

Syracuse Parking offered to run the Trolley Lot for the County instead of providing a management fee. Syracuse Parking would keep revenue generated by the Trolley Lot until their expenses were covered and remit any remaining proceeds to the County. Cheyenne offered approximately \$2,500 a month as a management fee, but at this time the County did not accept either proposal for the Trolley Lot. At this time the County decided not to award the management of the Trolley Lot.



## **Revenue Contract Procedure**

There was a resolution passed in October 2010 (resolution number 241) “expressing the desire of the Onondaga County Legislature to assure the County enters into revenue contracts the County receives revenue that is fair and reasonable.”

The resolution indicates revenue contracts be procured through written requests for proposals and the Director of Purchase is required to report within 30 days to report of the foregoing. This revenue contract was mentioned at the 11/24/2014 Ways and Means Committee meeting was not reported to the Legislature until 12/12/2014. This contract was discussed in Executive Session 2/23/2015.

## **Conclusion**

It is Audit’s opinion this RFP should be reissued in order to maximize the revenue for the taxpayers.

When this RFP process is redone, care should be taken to invite SMG, a current County Parking Lot manager, to submit a proposal.



## DEPARTMENT OF FINANCE

*DIVISION OF MANAGEMENT & BUDGET*

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JOANNE M. MAHONEY  
*County Executive*

STEVEN P. MORGAN  
*Chief Fiscal Officer*

TARA VENDITTI  
*Deputy Director of  
Management & Budget*

August 31, 2015

Mr. Robert E. Antonacci, CPA, Esq.  
Onondaga County Comptroller  
421 Montgomery Street  
Syracuse, NY 13202

Re: Contract # 28114 Revenue Contract with Cheyenne Realty Corp., for Management of Parking Lots A, B & D

Honorable Onondaga County Comptroller:

In a letter dated August 25, 2015, your office recommended that the above contract be cancelled.

After reviewing the analysis presented in your draft report, the Division of Management & Budget finds no reason to question the conclusion of the RFP Committee that the response submitted by Syracuse Parking Services, LLC was based on a flawed understanding of the revenue potential from the management of these County-owned parking lots. It is simply not realistic for the County to expect a successful relationship with a contractor who promises to pay \$16,500 each month from an operation whose total revenue potential barely exceeds that amount. The County learned a clear lesson from its contract with Murbro Parking, Inc., which promised to pay \$22,000 per month but consistently failed to keep up with its payment schedule. After terminating its agreement with Murbro, the County obtained a judgment of \$198,659, which we have agreed not to enforce as long as the company makes its scheduled monthly payments.

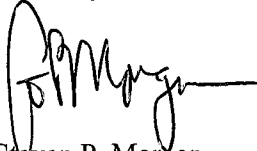
Your own analysis shows projected Total Monthly Revenue of \$17,460 from monthly permits. This is consistent with the actual permit revenues reported by the current contractor, which has also generated approximately \$1,500 monthly from event parking.

With total potential revenue of perhaps \$19,000 per month, no responsible vendor would propose to pay the County \$16,500 per month, given that the cost of operating these lots as described in the RFP's scope of services is certain to be more than the small difference between total revenues and the amount paid to the County.

The fact that the principal behind Syracuse Parking Services, LLC was Murbro's point person in managing Parking Lots A, B & D is highly relevant to this discussion. Whether you consider the \$22,000 that his previous employer promised to pay the County to manage these lots or the \$16,500 that his new company promises to pay, in neither case was it realistic for the County to expect to receive the full amount of the proposed monthly payment.

The reports submitted by Cheyenne Realty Corp. show that the firm is generating revenues that approach the full potential for these lots, while managing its own expenses prudently. The vendor is showing a modest net operating income from the management of Parking Lots A, B and D. Given my understanding that the vendor is in conformance with the terms and conditions of the contract, I see no reason for the County to terminate the contract at this time.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Morgan', with a horizontal line extending to the right.

Steven P. Morgan  
Chief Fiscal Officer

## **Reply to Administration's Response**

The response from the Administration says more about the issues the administration has failed to respond to than it says about the issues they address.

The Administration fails to address and respond to the following points in our audit:

1. How is it SMG, a current County vendor and manager of two County parking facilities, was not notified of the RFP for two parking lots directly across the street from the SMG managed lots?
2. How is it Cheyenne Realty Inc., a vendor with no experience in the parking world, came to submit a proposal on this when not initially invited?
3. How is it Syracuse Parking Services, LLC, is discredited and disqualified as a bidder for the parking services because its principal had ties to Murbro Parking, yet the very same principal as an owner of another LLC, is providing services to Onondaga County and Syracuse Parking Services, LLC, is providing parking services to other governments.

With regard to the matters addressed by the Administration, we would like to address the following:

1. The data in the report is not the data of the Comptroller's Office. It is financial data created by Facilities Department in order to evaluate the bids. We have said numerous times we do not agree with facilities' calculations and offer the following with regard to Facilities' calculations included in our report:
  - a. We believe the expense estimates are too high, especially when it comes to payroll and snow plowing.
  - b. We believe revenue is understated especially when it comes to special events.

Furthermore, it seems County Administration cares more about Cheyenne Realty, Inc. making money than returning money to the taxpayer. If the concerns of Syracuse Parking Services, LLC, would be unable to make money under its proposal and honor its contract, there are several things that could have been done:

1. The County could have gone to Syracuse Parking Services, LLC and said "Please lower the amount of revenue you want to return to the taxpayers and we will give you the contract because we are concerned you won't be successful".
2. Post a bond for performance.
3. Submit first and last months' rent, non-refundable in the event of failure to perform.

Also, in the alternative, Administration could have went back to Cheyenne Realty, Inc. and asked them to raise their price because as they concede, Cheyenne Realty, Inc. is apparently making significant profit off the taxpayers.

There is no evidence to attribute Murbro's breaching of the old contract with Onondaga County to them agreeing to allegedly over pay Onondaga County for the management of parking lots A, B and D. In fact, there is well established by media reports that Murbro's problems stem from the City-based contracts and as their company endured financial difficulties, the entire operation failed. There was quite a time where Murbro was in fact paying Onondaga County \$22,000 for management of the lots and thus it is not unreasonable to expect the principal of Syracuse Parking Services, LLC to offer \$16,500 as a fair price to pay Onondaga County.

It is amazing how hard the Administration is fighting to justify keeping a contract with a vendor paying back to the taxpayers a significantly reduced amount of revenue and how creative they are in their excuses to justify eliminating the competition in this process when it is abundantly clear the taxpayers are receiving far less for this asset than they have ever received.





Robert E. Antonacci II, CPA  
Comptroller

August 25, 2015

COUNTY OF ONONDAGA

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Honorable Onondaga County Executive  
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Re: Contract # 28114 Revenue Contract with Cheyenne Realty Corp. for Management of  
Parking Lots A, B & D.

Our office recommends the above contract be cancelled and the RFP re-issued immediately as the County is losing \$8,500 per month on this revenue contract.

The awarding of the contract in question to Cheyenne Realty Corp. (vendor) was flawed because amongst other things the Purchasing Department disqualified the higher revenue proposal from Syracuse Parking Services, LLC (disqualified vendor).

Additionally, and perhaps more ironic, a potential key vendor was left of the invitation list. SMG, the managers of the ONCENTER facility for the County and manager of the existing open lot and garage adjacent to the ONCENTER was not offered the opportunity to propose. We speculate SMG would have been competitive as they already manage County parking and the lots in question are across the street from parking facilities now managed by SMG for the County.

The contract in question is a revenue contract which means the County receives income from the vendor for the vendor using County assets. In this case the vendor is managing and operating parking lots A, B & D, and by contract is paying the County \$8,000 per month. The vendor then operates the parking lots retaining parking fees and fulfilling other aspects of the contract.

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However, no analysis was undertaken by the Purchasing Department or Facility Department to ascertain and verify the involvement of the principal of Syracuse Parking Services, LLC in the ownership and control of Murbro Parking.

We have been advised the principal of Syracuse Parking Services, LLC was never a shareholder of the shares of Murbro Parking, an officer of the company or a signatory of any bank account of the company. Accordingly not only is this qualified business being denied an opportunity to do business with the County but the taxpayers are being denied more return of their tax dollars.

We find the arguments Syracuse Parking Services, LLC unqualified to do business with County without merit and in fact remind administration officials the County is doing business with the principal of Syracuse Parking Services, LLC and now has a three year contract with a company owned by the same principal.

Also, Syracuse Parking Services, LLC appears to enjoy a fine reputation in the parking community and we note very large public contracts with government entities such as the New York State Fair on its resume.

We have no complaint with Cheyenne Realty Corp. and are unaware as of this writing of any concerns or issues with the management of the parking lot by the company. The County is simply receiving too little a price from this vendor.

In the alternative, assuming arguendo the County administration was concerned of the disqualified vendor's ability to perform several tools could have been used to insure performance. First, the disqualified vendor could have been required to submit a performance bond. Second, the disqualified vendor could have placed a non-refundable security deposit as first and last month rent. Third, the entire process could have been re-issued especially with such a price disparity between the only two proposals and SMG not invited to the process.

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Members of the Legislature requested the vendor submit the necessary reporting required under the contract. We acquiesced although we voiced strong objection the profitability of the vendor did not alleviate the loss of revenue to the County. This was then, and is now a simple analysis—the County is receiving less money for our parking lot from the current vendor when there was a higher revenue proposal on the table for county taxpayers.

Our report is enclosed herewith and any questions can be directed to the undersigned.

Sincerely,

A handwritten signature in dark ink, reading "Robert E. Antonacci II CPA". The signature is stylized with a large, looped "R" and "A", and the "II" and "CPA" are written in a more straightforward, blocky style.

Robert E. Antonacci II, CPA

enclosure