

Director's Report: Scott A. Petri
January 23, 2018 Regular Board Meeting

As you know, I started my position as Executive Director of the Philadelphia Parking Authority on January 2, 2018. I want to thank the Board again for giving me this opportunity to lead the Authority. I am pleased to report my observations of my first few weeks.

Project Lists:

I have met several times with directors and managers and find that our employees are committed to improving customer service, efficiencies, technology, customer convenience and our relationship with stakeholders including our transportation partners. In order to accomplish these goals, there are a number of initiatives that we are working on collectively to accomplish before the end of the fiscal year, March 31, 2018. In fact, there are so many projects which are underway that I have created my own project list detailing deadlines, responsible parties, and detailed descriptions so that I can track and monitor our success rate. Some of the projects can be accomplished quickly, but others will take several quarters to bring to fruition. As I report on some of these initiatives I believe you will be pleased with the progress that has been made over the past month, past 15 months and that which will continue to be made in the months to come.

Internal Auditor:

Our new auditor, Walter Mingo, started the same day I did. I've met several times with Walt and find him to be a very thorough and an articulate individual. Currently, he is working on two (2) large projects which are very important to the Philadelphia Parking Authority. Mr. Mingo also understands that he has a direct reporting line to this Board with regard to his findings. He brings a wealth of experience with him and I look forward to receiving his reports and his recommendations.

Risk Management Director:

Yesterday, Antonia Miller began as the new Risk Manager. We met briefly and I look forward to working with her as she develops a program for the Authority. With over 12 years of risk management experience, along with the appropriate memberships and educational experience, Antonia will be a welcome addition to the team.

Mission Statement:

As soon as I arrived, I began reviewing policies that have been implemented, operating procedures and the Authority's mission statement. While our current mission statement accurately reflects the primary goals and directives for the Authority, I believe that the mission statement can be and should be made more precise and easier to understand. The mission statement is utilized on our website, audit reports, and on other important documents. With these thoughts in mind I intend to present for your approval a revised mission statement. Once it's approved, we will share it with other governmental entities such as the city for posting on their websites. The mission statement also clearly defines how we will accomplish our goals with specific priorities.

Organizational Chart:

Rick Dickson has undertaken the responsibility to create a new organizational chart necessary as a result of all of the organizational changes and new hires which have been made over the last 15 months. The new organizational chart is before you. Adoption of this organizational chart will enable the administrative team to communicate the new lines of reporting to employees. We believe it will also increase efficiencies and improve communication between the various business units. The organizational chart also creates new opportunities for continued training of employees, both in their current roles and for advancement. It also provides greater opportunity for us to monitor the quality of our work product. The primary goal of adopting this new organizational chart will be to enhance our customer satisfaction. Training and retraining will be conducted by Deputy Director Tolson and her department. Mrs. Tolson is also beginning the process of monitoring our call center activities both inside and from outside vendors. It is important for the Authority to monitor the communication between customers and the Authority. Some of these activities are conducted by PRWT on our behalf. As representatives of us, we need to know whether they are handling our customer service issues appropriately and professionally. As consumers, we often hear "this call is being monitored for purposes of customer satisfaction". Since we have the right and responsibility to monitor the call center, we will actively do so. It is believed that there will be operational efficiencies which will result from more closely monitoring customer complaints and that this initiative will benefit our customers.

Website and Outreach:

As part of our initiative to improve customer satisfaction and ease of access to the appropriate Authority personnel, we will be issuing an RFP to enhance the capabilities of our website. The current website lacks sufficient navigation ability and is not as customer friendly as desired.

The content is, in some areas of the website, also somewhat stale. This is a common problem for all organizations. It is time consuming to keep the content fresh and current on any website. We are not immune to these challenges, but updating the website and the use of social media are important means of communicating with interested parties, stakeholders and customers. In the next few months we will advise you of the progress that is made in this area. A working group is being formulated to determine the priorities for this website. We do not want to spend money creating a website without customer input and a determination of the primary uses of our website by consumers.

I have asked IT to help me expand our database and amplify its capabilities so that we can reach more constituencies. I've challenged our managers to assist us in identifying contacts to be added to the database. The PPA is an important part of the economic vitality of the Delaware Valley. It is important that the Authority expand and improve our capabilities of reaching outside groups. This outreach will make us more responsive and result in better decisions, both in planning for future projects and in communicating with our customers. My outreach so far includes an introductory letter to employees, visits to our sites including taxi and limo facilities, the coin vault, airport operation and parking enforcement officer roll calls and a letter to all state local officials in the Southeast, those on the Urban Affairs Committees of the House and Senate and to City Council members. I am scheduling visits to elected officials. The Chairman and I met with the Mayor and I am scheduled to meet with Airport representatives and with the PA Convention Center.

Off-Street Operations:

We have been active with the Delaware River Port Authority (DRPA) in executing an agreement to construct a parking operation underneath the Ben Franklin Bridge (BFB) that will consist of three (3) secured surface parking lots from 2nd to 4th Street. This will supply much needed monthly parking (no transient parking) for the area that businesses and the community had requested for many years providing approximately 180 to 200 monthly parking spaces for area residents and employees. All Capital Expenditures made by the PPA and DRPA will be depreciated over the term of our 15 Year Lease Agreement. The Net Profit is shared equally 50/50. The project should be completed by late summer or early fall of 2018.

Technological Initiatives:

Each month I intend to report on technology advances. The Philadelphia Parking Authority is considered premier among its peers, yet most people do not know the full extent of our capabilities, and responsibilities. As a forerunner, we must continue to implement new technologies so that our systems provide a seamless experience for customers. The following technology improvements have been made recently:

1. meterUP relaunch:

As you likely know, the program went live on December 11, 2017 however, as a result of the uniqueness of the Philadelphia Parking Authority among its peers, the programming of our various rates created difficulty for ParkMobile, our mobile parking vendor. The staff that worked on this project insisted on nothing but perfection and on Friday, January 12, 2018, the staff was satisfied that the revenue numbers were accurate and the program was fully implemented.

There was no upfront cost to meterUP generally. However, the Authority wanted to ensure that we were utilizing unique zone numbers to efficiently ensure revenue accuracy and also have the ability to analyze transactions/revenue per block. As a result of this request, we had a one-time cost for implementing this program, totaling \$28,175.72. Obviously, the implementation of a mobile parking application is a convenience item which our customers' desire but it is very beneficial to the Authority as well. It is anticipated that the additional methods of collecting revenue created from this program will be about \$500,000 monthly, and our savings will be \$25,000 monthly. We are discussing other opportunities for use of our trademark meterUP.

2. Social Media platforms:

Instagram: The PPA launched an Instagram account to provide useful parking-related information to Philadelphia's residents and visitors. It launched two (2) campaigns:

- Signs explained: A bi-weekly series that explains various parking regulations through edited imagery.
- #LostandFoundFiles: A campaign that promotes/draws awareness to the Taxi and Limousine Division's Lost and Found Services by sharing imagery of unique items left in PPA regulated taxi cabs.

Motion Graphics: Motion graphics (basically video slideshows) were created and promoted through all PPA social media channels. The following subjects were documented:

- How to Submit a Cab Complaint or Lost and Found Inquiry
- What to do if you lost your parking ticket
- What Happens to a Parking Ticket if Left Unpaid
- How to Report a Broken Meter or Kiosk

3. Monthly Garage Program:

There is a new monthly accounts receivable program that helped streamline workflow. The single-entry system eliminated the need to use more than one program to manage monthly parking customers' accounts. It also offers the ability to email invoices or statements to customers and gives alternative pricing options to customers to eliminate the need to create more than one customer account.

4. Web-based Programs

Finalized contract with BoardDocs for the Board Meeting documentation. Training was held yesterday and we should be utilizing the new software for the February 2018 Board Meeting. Legal will be preparing policies and procedures to accompany the use of this new program. Savings of time and paper will result once implemented.

A kickoff meeting will soon be scheduled with stakeholders for our new web-based Contract Management and Publication Software and Services. IT intends to have some contracts in place on our website before the end of the month. This will create more transparency with respect to outside contracts and vendors so that anyone who is interested will be able to review these documents.

5. Microsoft Dynamics GP: (implemented effective November 1, 2017)

Microsoft Dynamics GP is an Enterprise Resource Planning (ERP) software that brings business processes together for easier collaboration and faster decision making, improving overall productivity and streamlining workflow. A few benefits of changing to an Electronic

Purchasing Program are: requisition entry and approval process is completed electronically; management also has the ability to drill down on transactions in regards to purchases prior to approval; account codes now have a three person check and balance system (requisitioner, purchasing and accounts payable); vendor(s) purchase orders can now be emailed; information can be attached to each purchase order and/or requisition; and information pertaining to all purchases are in one place.

6. Moved hosted servers from SunGard to our servers for better support capabilities and cost savings of approximately \$130,000/year.

7. Completed the Aslan server (kiosks) upgrade. Moving from an antiquated physical server to a virtual server.

8. Upgrading Exchange Online to replace Groupwise: Project anticipated for completion by April 2018.

9. Creating a new TLD database and online functionality for payment and filing submissions by industry members.

10. Rail Station Enhancements: The On-Street meterUP relaunch included three (3) Rail Station parking lots, Torresdale, Fox Chase and Fern Rock. This gives our parking patrons the option to purchase their daily park & ride parking of \$2.00 from their mobile phone while on the train instead of going to one of our kiosks in inclement weather or if they are running late for work. This offers a level of convenience to our parking patrons for a processing fee of \$.40 per transaction.

11. Off-Street Upgrades: Off-Street also included in the Capital Budget for FY2019 the purchase of new Parking Revenue Control Management System for the Center City Garages. Most of our Revenue Control equipment is aged and though it continues to operate it is getting more difficult to maintain the equipment due to lack of parts and wear and tear. As we consider these upgrades we should ensure that customer convenience features be included.

Training and Procurement:

In addition to the new training initiatives I previously mentioned, we will be conducting training among staff on the newly implemented procurement policy. The software vendor may be requested to offer additional training modules so we can utilize the software's full potential. We anticipate announcing shortly substantial savings as a result of some of the implemented bidding processes. It would be premature for me to announce these savings at this time since the process is still underway. In the past, the Authority has been criticized, in part because of some single source contracts. As of this Board Meeting, there are few "single source" contracts remaining. There are some which exist because the product or service is unique. Our General Counsel often reminds me that such contracts are not technically single source. *In an organization of this size with many contracts, that is simply remarkable.*

Financial Responsibilities & Investment Policy:

Gary Gordon, Director of Finance, and I have met in regard to our financial responsibilities and our investment policy. Mr. Gordon I will continue to meet at least monthly and initially probably weekly to review investment activity. There are approximately 5 to 6 financial advisors and we are analyzing results of returns on investment and fees by fund managers, keeping in mind the need for safety and liquidity. Each investment advisor has confirmed that the investments are within our policy guidelines. The investment policy amendment before you clarifies that Freddie Mac is a like kind investment contemplated in the policy.

Collections:

The Auditor General mentioned in his audit report that there were a number of tickets that had not been collected. I believe that the audit assumed that all of the tickets would be immediately paid and that is how he derived the high number of uncollected tickets he reported. We currently use a collection agency to handle the collection of outstanding tickets of four (4) years or less. This vendor has assured me that our collection rates are among the highest among our peers and are only surpassed in cities that have granted their Parking Authority extra judicial rights. As an example, one city which has the right to boot vehicles on the issuance of the first ticket has a collection rate of 92%. Personally, I do not think that booting a vehicle after one (1) parking violation is appropriate. Our rate of collection is in the high eighty percent range.

On tickets over five (5) years, we are utilizing two (2) companies. One firm collects approximately \$185,000 a month and the other approximately \$20,000 a month; as the second receives less

tickets to collect. The average cost for collections has been reduced to 18% as a result of bidding collections.

City Amnesty Plan:

We have also been in discussion with members of City Council and with the Mayor adopting the amnesty plan. We have expressed our concern that allowing the ticket itself to be forgiven would, in our opinion, cost the city and the school district too much money. We have presented to the Mayor and his staff various concepts with detailed financial implications of each policy for their consideration. The Chairman and I, along with the deputies, met with the Mayor and his staff. We were very pleased and thankful that they were willing to take the time to discuss this issue. I feel the conversations we had were very helpful and fruitful and we will continue to report to you the results of City Council's desires with respect to the amnesty program and collection generally. I will tell you that our collection rates are very good and exceed all other peers, as mentioned above.

Specifically, we have discussed and proposed that we impose upon ourselves a statute of limitations of 20 years for purposes of the collection of outstanding tickets. As you can imagine, tickets that are this old are very difficult to collect simply because the individuals cannot be located or may have even passed away. However, we do collect some. We've also changed our policies on booting so that in order to be boot-eligible you must have three (3) outstanding tickets within the last 10 years. Most importantly, we have proposed that the payment plan provisions be modified. As you know, these terms are outside of our control but nonetheless we believe they should be softened. The current payment plan requirements imposed by the Bureau of Administrative Adjudication require that all charges be paid upfront and then a 50 percent balance be made before a payment plan will be accepted. We believe that this is onerous and have proposed that a payment plan be implemented upon deposit of 25 percent of the outstanding cost which would include towing expenses. The balance would then be paid over two (2) years. Analyzing our plan against the plan adopted by City Council, we believe that our proposal ensures that an additional \$50 million is collected. Of most concern, if the amnesty plan is adopted and the state formula is not changed, the School District of Philadelphia will lose approximately \$3 million in revenue each year.

Payments to Government Entities:

In preparing the letter to elected officials introducing myself, I asked staff to assemble a historical chart indicating the growth of this Authority. In order to place the graphical representation on one sheet of paper I asked staff to look at the last year that the city had oversight of this Authority and compare it with the last few years. In your packet is a copy of that graph (front pocket, behind the agenda).

Looking at the graph you will see that in 2001 the total amount of revenue collected and provided to the city of Philadelphia was \$49,093,627. In recent years, those numbers have exceeded \$110 million. You will note that we charted snow events against revenue, as they play a significant role in the revenue which is available for distribution. This year we have had two (2) snow events on weekends which I believe will have a minimal impact on overall revenue but we have already had 2 1/2 business days of closings.

Our fiscal year-end is approaching and the Philadelphia Parking Authority is doing everything we can to finish with a successful year-end. Last year we returned \$37,846,946 to the City of Philadelphia, \$9,766,043 to the School District of Philadelphia, \$863,772 to the National Parks, \$32,779,542 to the Division of Aviation, and \$10,541,496 to the state from red light enforcement. As a result of the hard work of staff over the past 15 months and the changes that of been implemented by this Board we are hopeful that this year's fiscal year-end will return even more funds than last year, although mother nature has some say in that result.

I'm excited about the opportunities that are before the Philadelphia Parking Authority. I've communicated my excitement with managers who seem to have the same zeal I do for advancing our initiatives. I believe there are many opportunities available that can improve the convenience of our customers and I am open to presenting each of these opportunities as they arise and discussing with the Board about the efficacy of each.

Thank you and I will now open up the discussion for any questions or comments.