



Date: November 21, 2017
To: Patrick H. West, City Manager
From:  Craig A. Beck, Director of Public Works
For: Mayor and Members of the City Council



Subject: Parking Operations Contract with LAZ Parking, LLC – Addendum

On October 31, 2017, information was provided to Mayor and Members of the City Council regarding staff's recommendation to award the Citywide Parking Operations and Management Services contract (RFP PW 17-033) to LAZ Parking, LLC (LAZ). The memo included details regarding settlement of a lawsuit between LAZ and the Massachusetts Bay Transit Authority (MBTA). Following the issuance of that memo, staff learned about bribery allegations against Phil Oropesa, former LAZ employee, who was accused of accepting money from a parking meter company. Upon learning of these allegations, LAZ fired Mr. Oropesa and hired Holland & Knight to conduct an independent review of the incident. Staff has obtained and reviewed the investigation report and has summarized the findings below:

- Phil Oropesa accepted bribe payments from George Levey, a salesman for Cale Parking Solutions (Cale), who was convinced that Oropesa had the authority to steer the Chicago Parking Meters (CPM) contract to Cale and, thereby, offered a sum of money in exchange for award of the contract. Oropesa formed a company, Landmark Sales and Marketing (Landmark), and instructed Levey to funnel payments through Landmark.
- Although Oropesa accepted these payments, there is no evidence to suggest that any other LAZ employees were aware of, or involved in, Oropesa's activities. Oropesa himself told the Company, by email and in an interview with Holland & Knight, that no LAZ employees were aware of, or involved with, the Levey/Cale agreement or payments. The investigation states, *"It is important to note the deliberate and deceptive steps Oropesa took to hide his illegal conduct from the company."*
- There is no evidence to suggest the selection of Cale to provide parking meters for the CPM contract was improperly influenced by Oropesa's acceptance of payments from Levey. Every witness Holland & Knight interviewed, including Oropesa, confirmed that it was Dennis Pedrelli, President of Chicago Parking Meters, who was solely responsible for selecting the vendors for the contract. Pedrelli stated during his interview that it was his visit to Cale's European facility that convinced him that Cale should be awarded the contract. Pedrelli also indicated in his interview that at no point during the diligence process did he feel pressured by Oropesa to select Cale.

- Other LAZ projects do not appear to have been affected by Oropesa's misconduct, and there is no evidence suggesting a broader pattern of misconduct. Based on the materials reviewed and the collective testimony of witnesses, the Oropesa event was an isolated incident.
- Holland & Knight recommended that LAZ implement additional internal controls; however, the investigation leads them to believe that the company and its leaders aggressively promote a culture of ethical conduct. Additionally, witnesses referred to the Company's code of conduct and understood they could report compliance concerns without fear of retribution. Witnesses also provided examples of successful compliance reporting and corrective actions taken as a result.

After reviewing the findings in the investigative report, and the requirement that the City's parking vendor obtain a Commercial Crime Policy, staff continues to recommend the Citywide parking operations and management services contract be awarded to LAZ Parking, LLC. Their experience with special events, working for private sector clients, and understanding the needs of municipal clients set LAZ apart from the competition.

If you have any questions regarding this matter, please call Malcolm Oscarson, Business Operations Bureau Manager, at (562) 570-6325.

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