

REVIEW OF POLICE ORDERED TOWING AND STORAGE SERVICES

**CITY OF SPRINGFIELD
OFFICE OF THE CITY AUDITOR
INTERNAL AUDIT DIVISION
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August 29, 2008

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THE CITY OF
SPRINGFIELD, MASSACHUSETTS

August 29, 2008

Police Commissioner William J. Fitchet:

At the request of the Mayor and Finance Control Board, we have conducted a review of the contract between the Springfield Police Department acting on behalf of the City of Springfield and CF, Inc. doing business as Springfield Towing Alliance (hereinafter referred to as STA). The contract commenced on May 1, 2007 and will expire on April 30, 2010.

We reviewed the Police Department's collection of administration, remittance and lease payments related to the contract. In addition, we evaluated compliance with the other provisions of the Agreement related to towing and storage services.

Several issues were identified that require immediate attention:

- Towing fees do not reconcile with tow data submitted by STA indicating a substantial shortfall in revenue due to the City of Springfield.
- STA has failed to submit *complete* tow forms to the Police Department after the initiation of a tow.
- The Police Department has not received complete and timely vehicle status reports and inventory reports from STA.
- Payments submitted by STA have not been remitted or recorded on a timely basis.
- Copies of final bills are not submitted to the Police Department.



- STA has not provided sufficient documentation of the disposal of salvaged or auctioned vehicles.
- STA has failed to provide CORI/SORB checks for its employees and the employees of its subcontractors after repeated written demands and deadlines from the Law Department.
- STA has failed to provide the Police Department with remote access to tow data and GPS functionality.
- STA has not satisfied the minimum number and type of tow vehicles required by the Agreement.
- The automobile insurance provided by STA is not in compliance with the contract.
- The performance bond provided by STA has expired with no evidence of it being replaced or renewed.
- Approved towing and storage charges were not posted by STA in the area where vehicle owners redeem their vehicles at the vehicle storage facility. In addition, STA has not installed a public telephone at the vehicle storage facility.
- Amounts charged to vehicle owners are in excess of the amounts allowed in the Agreement.
- STA has not satisfied the contractual requirement for a 600 minimum vehicle capacity at the storage yard.
- STA has violated terms of its lease with the City by subletting the City-owned vehicle storage facility to another towing company without the City's consent.
- Contact information for billing complaints is not properly communicated to vehicle owners by STA. In addition, the City's management of complaints needs improvement.
- The City has paid for utility and maintenance costs that are STA's responsibility.

The accompanying report details the findings listed above as well as recommendations for improvement. We appreciate the cooperation and assistance we received from the Police Department and other City personnel during the course of our review. This report is not intended to be an adverse reflection of the Police Department; rather it is intended to improve the operations and efficiencies of the Police Department as it relates to the towing Agreement.

Mark J. Ianello, CPA
City Auditor

Cc: Honorable Domenic J. Sarno, Mayor
Edward Pikula, Esq., Law Department
Maria Santiago, CPO, Purchasing Department
Sgt. Donald Sicard, Police Department

Steven Lisauskas, Executive Director, Finance Control Board
Alesia Days, Esq., Law Department
Eddie Corbin, Compliance Officer



SCOPE, OBJECTIVES & METHODOLOGY

We reviewed the City of Springfield's police-ordered towing and storage services contract (Contract 0610) with STA dated April 25, 2007. Our review covers the contractual compliance of the towing and storage services provided by STA, with special attention paid to the City's collection of administration, remittance, and lease payments. We reviewed and analyzed the Springfield Police Department's tow database, financial data yielded from the City's financial systems, required reporting of tow data from STA, and interviews with and documentation from the Compliance Officer and personnel from the Police, Purchasing, and Law Departments. The following objectives formed the foundation of this review:

- To determine whether the number of tows STA remitted to the City is in accordance with the terms of the contract and is consistent with the number of police-ordered tows logged by the Police Department
- To review the Police Department's procedures for recording tows and collection of payments from STA
- To review compliance with all provisions of the Agreement

BACKGROUND

On August 7, 2006, the City of Springfield published an Invitation for Bid (IFB) for Police Department ordered towing and storage services (Bid No. 41). The Bid outlined a series of service requirements, including but not limited to the following:

- Tow all vehicles ordered towed by the Police Department for the entire City of Springfield (seven days a week, twenty-four hours a day) with a response time not to exceed twenty-five minutes
- Accept vehicles for storage on behalf of the Police Department
- Process all state-required record checks and notification to owners on behalf of the Police Department
- Establish a chain of custody for vehicles used in evidence on behalf of the Police Department
- Notify Police Department of all vehicles deemed abandoned within 48 hours and oversee the auction or salvage of abandoned vehicles on behalf of the Police Department



- Provide weekly written status reports to the Police Department on all police ordered towed vehicles, all vehicles in storage under the Agreement, and all vehicles disposed of or in the process of disposition
- Collect and remit administrative and remittance tow fees on behalf of the City in accordance with contractual deadlines

Under the terms of the Invitation for Bid, the City required all Bidders to provide one or more overflow and emergency storage yard facilities within four miles of the geographic center of Springfield and with the capacity to store six hundred or more vehicles on the City's behalf. The City announced its willingness to lease the storage facility located at 29 Chandler Street to assist any potential Bidders in meeting this provision. The Chandler Street facility has a five hundred vehicle storage capacity.

The previous two contracts for police ordered towing and storage services were awarded to another vendor under a Price Agreement from October 2002 through October 2005. This vendor continued to provide towing and storage services to the Police Department until the end of April 2007.

Bid number 41 was awarded to STA in April of 2007 even though a committee empanelled to review the bids reviewed all valid proposals and recommended in a February 2007 memorandum to award the Bid to another vendor. The contract between the City of Springfield and STA commenced on May 1, 2007 and expires on April 30, 2010. The contract for these services was drafted to give the City sole discretion to execute two one-year extensions thereafter.

The financial terms of the contract require timely remittance of the following fees/revenue to the City:

- Monthly lease payments of \$2,050.00 due on the first day of each month for the rental of the City's storage facility at 29 Chandler Street
- \$30.00 administrative fee per tow due no later than the 15th day of the succeeding month
- \$19.75 remittance fee per tow collected:
 - In the event that no tow fee is collected and the vehicle is auctioned, a remittance fee totalling the lesser of 25% of the auction price or \$19.75 is due to the City
 - In the event that no tow fee is collected and the vehicle is not deemed saleable (i.e., salvaged vehicles), no remittance fee is required

**FINDINGS AND RECOMMENDATIONS****FINDING #1**

Towing fees do not reconcile with tow data submitted by STA indicating a substantial shortfall in revenue due to the City of Springfield.

Section III(b) of the contract states that a \$30.00 administrative fee is due to the City for all police-ordered tows, except for tows that are deemed improperly ordered by the Police Department. This provision is further corroborated by Sections 2.2, 4.13(b), and 4.13(e) of the IFB and by items 24 and 25 of addendum #1 thereto.

According to Section III(c) of the contract, the City is also due a remittance fee of \$19.75 for each vehicle in which the tow operator receives payment from a vehicle owner. If a vehicle is abandoned and subsequently auctioned, 25% of the auction price or \$19.75 is due to the City, whichever is less. If an abandoned vehicle is salvaged rather than auctioned, the remittance fee does not apply.

During our review, we compiled data recorded in the Police Department's tow database and compared this data with the monthly fee reports and payments STA remitted to the City from May 1, 2007, the contract's inception date, to July 31, 2008. Our analysis is illustrated in the table below:

Springfield Towing Alliance
Revenue Analysis from 5/1/07 through 7/31/08

	A	B	C	D	E	F	G
Month	Number of Police-Ordered Tows per SPD Database	Total Number of Tows Reported per STA's Monthly Fee Reports	Number of Vehicles on Lot (Column A - B)	Cumulative Vehicles on Lot	Total Fees Remitted to City	Total Number of Tows Reported by STA (Column B) x \$49.75	Shortage of Amount Remitted to Tows Reported (Column E - F)
May-07	483	356	127	127	\$ 17,561.75	\$ 17,711.00	\$ (149.25)
Jun-07	521	396	125	252	17,459.00	19,701.00	(2,242.00)
Jul-07	563	411	152	404	17,959.75	20,447.25	(2,487.50)
Aug-07	533	352	181	585	17,512.00	17,512.00	0.00
Sep-07	549	376	173	758	18,706.00	18,706.00	0.00
Oct-07	563	446	117	875	18,854.75	22,188.50	(3,333.75)
Nov-07	629	477	152	1,027	23,730.75	23,730.75	0.00
Dec-07	782	547	235	1,262	27,213.25	27,213.25	0.00
Jan-08	726	604	122	1,384	30,049.00	30,049.00	0.00
Feb-08	746	676	70	1,454	33,631.00	33,631.00	0.00
Mar-08	607	541	66	1,520	26,914.75	26,914.75	0.00
Apr-08	500	513	(13)	1,507	25,521.75	25,521.75	0.00
May-08	602	522	80	1,587	25,969.50	25,969.50	0.00
Jun-08	483	468	15	1,602	3,283.00	23,283.00	(20,000.00)
Jul-08	516	500	16	1,618	5,024.25	24,875.00	(19,850.75)
Totals	8,803	7,185	1,618		\$ 309,390.50	\$ 357,453.75	\$ (48,063.25)

1,618 Number of Vehicles on the Lot (Column C)
 x \$49.75 Fee Per Tow Due to the City
\$80,495.50
 \$48,063.25 Shortage (Column G)
\$128,558.75 Potential Towing Fees Owed to the City



The analysis indicates the Springfield Police Department ordered 8,803 tows (column A) during the period May 1, 2007 through July 31, 2008 (already adjusted for cancelled tows). However, the monthly fee reports STA submitted to the Police Department through the month ending July 2008 (column B) only account for 7,185 of the 8,803 tows, resulting in a difference of 1,618 tows (column C).

The vehicle capacity of the City property leased by STA is 500 as described in Section 2.2 of the IFB, thereby making it impossible for STA to have 1,618 vehicles in inventory. Documentation has not been submitted by STA that would allow the Police Department to determine the current number of vehicles remaining in storage. Therefore, we calculated the amount due the City as \$80,495.50 [1,618 tows at \$49.75 per tow].

In addition, STA has taken unauthorized credits on six different occasions amounting to \$48,063.25 (column G), bringing the total amount owed to \$128,558.75.

The May and June 2007 unauthorized credits were discussed at a meeting with STA on June 29, 2007 where the City asked for the immediate return of all amounts withheld. The City again requested the return of the amounts withheld in letters dated September 4, 2007 and October 3, 2007. The October letter set forth a deadline of October 5, 2007 for repayment.

STA recently withheld additional amounts as credits for the months of June and July of 2008. The City responded to these unauthorized credits in letters dated July 18, 2008 and August 19, 2008, respectively. These letters also demand payment for all previous credits taken without authorization. The City Solicitor asserted that unilaterally taking these credits is a "breach of the contract" and is "grounds for termination". In a letter of response dated August 20, 2008, STA stated that, "...accounts receivable" were balanced against "accounts payable." However, the letter did not cite any contractual clauses that support the City paying STA for these unauthorized withheld amounts and did not provide any detail as to how the amounts were determined. No amounts have been returned to the City to date.

Recommendations

We recommend the Police Department timely record items remitted by STA to properly monitor the contract. As indicated in the table above, by August of 2007 STA exceeded the 500 vehicle capacity of the storage facility and at this point the Police Department should have investigated.

Additionally, we recommend the Police Department consider all remedies available through the contract to collect any amounts due to the City. If the Police Department is not satisfied with STA's response, they should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

We agree to timely record payments submitted by STA. We would like to request the Law Department's assistance in amending the contract to add a documented procedure for delivery of



payments. On several occasions, payments have been delivered to departments other than the Police Department.

We also agree that the unauthorized credits are unacceptable. To date we have not received any invoices or other documentation substantiating these unilateral amounts withheld.

The Police Department is having difficulty reconciling data because the documents provided by STA are often late, erroneous, and incomplete. The Police Department has attempted verbally and in writing to gain compliance from STA. We will continue to pursue obtaining timely, accurate, and complete data from STA.

We are also requesting additional staff to assist us in managing this contract.

FINDING #2

STA has failed to submit complete tow forms to the Police Department after the initiation of a tow.

Section 4.14(f) of the IFB requires STA to complete a color-coded tow form after the initiation of a tow. This form must be submitted by STA to the Police Department within seven days of completion of a tow. The yellow copy of the tow form has been mutually agreed upon by STA and the Police Department to satisfy this reporting requirement. The yellow copy of the tow form is used by the Police Department to log pertinent information required to be recorded by the tow operator per Sections 4.12 and 4.14(g) of the IFB.

According to the Police Department, the yellow copies of tow forms were not submitted by STA during the first year of the contract. After repeated requests, STA submitted the yellow tow forms for the period May 1, 2007 to April 30, 2008 in May of 2008. STA is now submitting the tow forms timely; however, the forms are incomplete and do not satisfy the requirements set forth in the IFB. The forms do not contain dispatch and arrival times of tow trucks, signatures of police officers validating arrival times, driver names and equipment numbers. During an annual inspection performed by the Police Department on May 28, 2008, STA and the Police Department mutually agreed to require subcontractors to enter this required information on all tow forms. Also, both parties agreed that the form should be redesigned to accommodate all required information. As of the date of this report, the required information is still not completed on the yellow tow forms.

The tow form information enables the Police Department to determine whether all drivers and trucks used to perform police-ordered tows have been inspected and approved by the City and whether tow trucks arrive within the required time frame called for in the Agreement.

Recommendations

We recommend that the Police Department work with STA to obtain properly completed tow forms. Incomplete forms should be promptly returned to STA for completion of all information required in the



Agreement. If the Police Department is not satisfied with STA's response, they should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

The Police Department has continued to ask STA for timely and complete tow forms. STA began submitting yellow tow forms on a daily basis in May of 2008 but these forms are still incomplete. During the last annual inspection, STA agreed to provide the information missing on tow forms, but to date they have failed to do so. The Police Department has made repeated attempts to work with STA in meeting their documentation requirements.

In many situations, it is not practical for Police Officers to sign tow forms. Our current policy is to have Officers on scene call the Records Office to ascertain the estimated time of arrival of a tow vehicle if it is late. Subsequently, the Records Office calls STA to research the tow. If STA does not provide a justification, then the Police Officer is advised by the Records Office to prepare a written report documenting the late response time.

FINDING #3

The Police Department has not received complete and timely vehicle status reports and inventory reports from STA.

According to Section 4.6(d) of the IFB, STA is required to provide the Police Department with written weekly status reports on all police ordered towed vehicles during the preceding month, all vehicles in storage under the Agreement, and all vehicles disposed of or in the process of disposition. The reporting of vehicles in storage under this provision is further supported by Section 4.15(p) of the IFB which requires STA to notify the Police Department in writing of *each* unclaimed towed vehicle remaining in its yard at the end of seven days and the *total number* of vehicles in storage at least once a week.

During the course of our interviews with the Police Department, we discovered that STA submits a single weekly report to the Police Department entitled a "weekly activity" report. Though these reports include some summary data, the reports do not include the following information and therefore do not meet the requirements set forth under Sections 4.6(d) and 4.15(p) of the IFB:

- The reports do not provide any itemized or summary inventory data.
- The reports contain summarized data for "vehicles released" but it is not clear whether this includes vehicles disposed of or in the process of disposition such as auctioned or salvaged vehicles.

As a result of receiving incomplete reports from STA, the Police Department cannot properly reconcile payments from STA to the tow forms logged in the Police Department database and cannot readily



determine the number of vehicles in storage. In addition, the City cannot properly track the progress of vehicles ordered towed by the Police Department and does not have sufficient tow history to follow-up on vehicle owner complaints.

Recommendations

STA has failed to submit timely and complete vehicle status reports and inventory reports. We recommend the Police Department enforce available contractual fines of \$50 per day for violations to 4.15(p) of the IFB. We have calculated the fines allowable under Section 4.17(c) of the IFB for each weekly inventory report that was not submitted through August 29, 2008. For example, the report due May 8, 2007 is 479 days late [5/8/07 to 8/29/08 = 479 days]. The number of late days is then multiplied by the contractual fine of \$50.00 per day. In this example the total fine for the weekly report is \$23,950.00. We calculated total fines to be \$831,450.00 [each weekly inventory report due has not been submitted since inception for a total of 16,629 days late at \$50.00 per day]. The Police Department should consider assessing the fines until compliance is achieved.

We recommend the Police Department immediately request weekly vehicle status reports and itemized inventory reports from STA in accordance with Section 4.6(d) and 4.15(p) of the IFB as summarized above. In addition, we recommend all weekly vehicle status reports be submitted to the Police Department electronically. The receipt of electronic reports as opposed to paper reports will give the Police Department evidence of the time of submission, assist Police personnel in searching a particular vehicle's status, and prevent mathematical errors in reporting. The software used by STA, "In-Tow Manager", is a Microsoft Access based program that allows for easy sorting or searching of data and for the exporting of data into several file formats. Most of these formats are compatible with the computer system used by the Police Department. Until the Police Department is able to implement this recommendation to receive data electronically, we recommend that Police Department personnel date stamp the reports immediately upon receipt and manually check the calculations for accuracy.

We also recommend the Police Department obtain from STA an itemized list of all vehicles released to vehicle owners, all vehicles auctioned, and all vehicles salvaged from the inception of the contract through the date of their request. When this data is obtained, the Police Department should reconcile this data with the tow forms and revenue they have received from STA to date.

Finally, we recommend the Police Department perform a physical inventory of vehicles at the storage facility on a periodic basis. Any discrepancies between physical inventories performed by Police Department personnel and STA's inventory reports should be investigated immediately.

If the Police Department is not satisfied with STA's response, they should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation. We have requested these reports in the past and will continue to do so.



The Police Department is willing to assess the fines. However, we would like to request assistance from the Law Department in verifying that the fines are allowable and accurate. Also, the Police Department would like to confirm with the Law Department that they are the proper party to assess the fines.

FINDING #4

Payments submitted by STA have not been remitted or recorded on a timely basis.

The City recently installed a new accounting system at the Police Department which enables timely recording and processing of transactions. Additionally, the system allows the Police Department to issue a computer generated receipt to each customer before they leave the counter in the Records Office. We found several examples where the Police Department did not record payments from STA in a timely manner.

Section 4.13(e) of the IFB stipulates that STA is required to remit to the Police Department fees collected for each month "...no later than the 15th day of the succeeding month." We obtained copies of checks remitted by STA. The check dates, bank certification dates, and dates noted as actually received by the Police Department were compiled and analyzed. Since the inception of the contract through August 29, 2008, STA was late on at least five occasions as listed in the table below:

Table 4 -1

Administration and Remittance Fees
From 5/1/07 through 8/29/08

Month	Due Date	Actual Check Date	Date Certified by Bank	Date Received by SPD	Days Late	Admin Fee Amount	Remittance Fee Amount	Check #
Jul-07	8/15/2007	8/14/2007	8/16/2007	unavailable	1	10,830.00		1198
Jul-07	8/15/2007	8/14/2007	8/16/2007	unavailable	1		7,129.75	1199
Aug-07	9/15/2007	9/17/2007	unavailable	9/20/2007	5	10,560.00		1304
Aug-07	9/15/2007	9/17/2007	unavailable	9/20/2007	5		6,952.00	1305
Sep-07	10/15/2007	10/17/2007	10/19/2007	10/23/2007	8	11,280.00		1355
Sep-07	10/15/2007	10/17/2007	10/19/2007	10/23/2007	8		7,426.00	1356
Oct-07	11/15/2007	12/7/2007	unavailable	unavailable	22	10,875.75		109575
Oct-07	11/15/2007	12/7/2007	unavailable	unavailable	22		7,979.00	109576
Nov-07	12/15/2007	12/21/2007	unavailable	unavailable	6	14,310.00		110332
Nov-07	12/15/2007	12/21/2007	unavailable	unavailable	6		9,420.75	110331



Additional payments required from STA include lease payments to the City which are due on the 1st day of the month (Contract 1023, Section 2). We performed the same analysis as above with respect to lease payments received by STA and discovered that all lease payments were late. Payments received through August 31, 2008 are listed in the table below:

Table 4-2

Lease Payments

From 5/1/07 through 8/29/08

Month Leased	Due Date	Actual Check Date	Date Certified by Bank	Date Received by SPD	Days Late	Amount	Check #
May-07	5/1/2007	6/14/2007	unavailable	unavailable	44	\$2,050.00	1157
Jun-07	6/1/2007	7/5/2007	7/16/2007	unavailable	45	2,050.00	1172
Jul-07	7/1/2007	8/14/2007	8/16/2007	unavailable	46	2,050.00	1200
Aug-07	8/1/2007	9/17/2007	unavailable	9/20/2007	50	2,050.00	1306
Sep-07	9/1/2007	10/17/2007	10/19/2007	10/23/2007	52	2,050.00	1354
Oct-07	10/1/2007	12/7/2007	unavailable	unavailable	67	2,050.00	109577
Nov-07	11/1/2007	12/7/2007	unavailable	unavailable	36	2,050.00	109578
Dec-07	12/1/2007	12/21/2007	unavailable	unavailable	20	2,050.00	110330
Jan-08	1/1/2008	1/11/2008	unavailable	unavailable	10	2,050.00	1451
Feb-08	2/1/2008	2/14/2008	2/15/2008	unavailable	14	2,050.00	1535
Mar-08	3/1/2008	3/13/2008	3/13/2008	unavailable	12	2,050.00	1596
Apr-08	4/1/2008	4/11/2008	4/15/2008	4/15/2008	14	2,050.00	1668
May-08	5/1/2008	5/14/2008	5/15/2008	5/15/2008	14	2,050.00	1729
Jun-08	6/1/2008	6/13/2008	6/16/2008	6/16/2008	15	2,050.00	1778
Jul-08	7/1/2008	7/15/2008	7/15/2008	unavailable	14	2,050.00	1824
Aug-08	8/1/2008	8/15/2008	unavailable	unavailable	14	2,050.00	unavailable
						<u>\$32,800.00</u>	

We discovered there were numerous notifications to STA from the Law Department and the Police Department regarding late payments. Several notifications were also sent to STA regarding the unauthorized credits taken (see finding number 1), but as of the date of this report no repayment has been received.

Recommendations

Payments made by mail must be entered into the City's financial accounting system by Police personnel as soon as they are received. If payments are made in person during business hours, they should be processed through the cash register and a cash register receipt must be issued before the customer leaves the counter.

As indicated in Table 4-1, STA failed to submit timely payments of administrative and remittance fees on several occasions. Per Section 4.17(c) of the IFB, the applicable fine is \$50.00 per day for each day the payment is late. As indicated in Table 4-2, STA has remitted all lease payments after the due date.



We encourage the Police Department to immediately enforce available contractual fines related to the late payments of administrative and remittance fees. We have calculated the fines for the late payments listed in Table 4-1 to be \$2,100.00 [42 days late at \$50.00 per day].

Section 4.13(f) of the IFB states that "...if payment is late more than twice in any twelve-month period, the [City] reserves the right to cancel the Agreement." More than two instances of late payments have been documented, allowing the Police Department to cancel the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

The Police Department is willing to assess the fines.

FINDING #5

Copies of final bills are not submitted to the Police Department.

Section 4.15(m) of the Agreement provides that STA "...shall issue a sequentially numbered receipt to the payer when towing and storage fees are paid. This receipt shall clearly indicate the time the vehicle is delivered to the storage yard, the time the vehicle is picked up from the storage yard, the tariff charged for towing, the fee for storage, and the total amount payable for towing and storage. A copy of this final bill shall be submitted to the Police Department by the storage yard within seven days of payment."

In the course of our review we discovered that final billings are not submitted to the Police Department. The pink copy of the tow form is submitted monthly to the Police Department by STA which is alleged to contain final amounts billed to vehicle owners. However, during the last annual inspection on May 28, 2008, STA provided us with a copy of the actual final bill presented to vehicle owners which was a computer generated invoice that the vehicle owner signs. Copies of these final invoices are not being provided to the Police Department. Without receipt of the final bill, the Police Department cannot compare the amount charged to the vehicle owner to amounts allowable in the Agreement. In addition, the tow data recorded in the Police Department's tow database at the initiation and resolution of a tow should provide Police Department personnel with the ability to query and verify the outstanding tows at any given time. However, STA's failure to provide the Police Department with properly completed yellow tow forms and copies of the final invoices makes it impractical for Police Department personnel to perform their due diligence in auditing unresolved tows. Moreover, the final bill is necessary to follow up on citizen complaints.

Recommendations

Section 4.17(c) provides for a penalty of \$50.00 per receipt for "...failure to provide the copy of the final bill to the owner at the time of payment or the Police Department during the seven day period." As a result of the Police Department not receiving copies of any final bills, we calculated this penalty based on all police ordered tows from May 1, 2007 through the date of this report August 29, 2008. The total



finer have been calculated as \$440,150.00 [8,803 tows at \$50.00 per receipt]. The Police Department should consider assessing the fines until compliance is achieved for tows after the date of this report.

The Police Department should immediately request copies of all final bills since the inception of this Agreement and impose the penalties referred to above until such copies are received. If the Police Department is unable to obtain copies of the final bills they should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

The Police Department will continue to request copies of all signed final invoices.

Pink copies of tow forms are being submitted to the Police Department, but many are incomplete and contain mathematical errors. When discrepancies are found by the Police Department, telephone calls are placed to STA for clarification. However, in numerous cases, additional conflicting information is received. Therefore, we agree final invoices must be provided.

FINDING # 6

STA is not providing sufficient notice of abandonment and documentation of the disposal of salvaged or auctioned vehicles.

Under the terms of Section 4.15(q) of the IFB, when a vehicle is abandoned in a storage yard by the owner, STA should notify the Police Commissioner or his designee of the abandonment in writing within forty-eight hours of validating the vehicle as abandoned. The Agreement requires timely remittance of the following fees as they relate to abandonment of vehicles:

- \$30.00 administrative fee due within 48 hours of deeming a vehicle abandoned
- \$19.75 remittance fee:
 - In the event that no tow fee is collected and the vehicle is auctioned, a remittance fee totalling the lesser of 25% of the auction price or \$19.75 is due to the City
 - In the event that no tow fee is collected and the vehicle is not deemed saleable (i.e., salvaged vehicles), no remittance fee is required

The Police Department has not received written abandoned vehicle reports from STA, nor has it collected any applicable administrative fee or remittance fee from abandoned vehicles that have been salvaged or auctioned by STA since the inception of the Agreement.

Commencing in June 2008, the Police Department began receiving "Notice to the Police Commissioner of Scrapping of a Motor Vehicle" letters which contain a list of vehicles STA intends to salvage. However, none of the letters received were accompanied by a check for administrative fees due with notices of abandonment. In addition, only one of seven notices provided receipts from a salvage



company. In this instance, the letter was dated June 16, 2008 but the supporting salvage receipts indicated the vehicles were already disposed of on June 13, 2008. Furthermore, the documentation for one of the four vehicles listed in this letter was missing and documentation for a vehicle not described in the letter but with the same disposition date was attached. These letters do not meet the requirements set forth in Section 4.15(q) of the IFB as the letters appear to notify the Police Department of the scrapping of a vehicle after disposition. Additionally, the appropriate administrative fees were not remitted as required.

STA is required to publish a notice of its intent to sell unclaimed vehicles for three successive weeks in a local newspaper as described in MGL Chapter 135, Section 8 and Chapter 255, Section 39A. STA has submitted notices of their intent to auction vehicles to the Police Department. These notices indicate that copies of the newspaper advertisements are attached. We did not observe any attachments and we confirmed with the Police Department that such advertisements are rarely if ever provided. We contacted *The Republican* to gain access to the newspaper's archives and found that STA advertised 231 vehicles for sale through the period ending April 30, 2008. While reviewing the advertisements, we noted 60 incidents where vehicles were advertised less than three times. Any violation to this section of the MGL is punishable by a fine of not less than \$50.00 or more than \$100.00 and by forfeiture of any such property obtained as a result of this violation. We are not able to verify whether these 60 vehicles advertised for sale less than three times were released to the owners of record or were sold by private sale as STA does not provide the Police Department with copies of bills of sale.

We requested that the Police Department perform a title search on a sample of eighteen vehicles that were previously advertised for sale or reported as salvaged by STA. As of the date of this report we were notified that there were two searches that yielded questionable results.

In May 2008, STA provided the Police Department with the yellow copies of tow forms for the period May 1, 2007 to April 30, 2008. We found at least eight instances where STA had made the notation "SALE" on the form. Five of the eight instances were vehicles reported as sold for \$700.00 or more within a 12 month period. The Police Department informed us that this is prohibited by MGL Chapter 90, Section 7N1/4, which imposes restrictions on selling used motor vehicles as a "dealer".

Finally, in a letter dated May 5, 2008, the City Solicitor indicated that STA has given Police Department notice for the garage liens late and that STA is required to "...notify the SPD in writing 10 days in advance of intended date for selling vehicles abandoned at the storage facility [and that failure to do so] could result in prosecution under the Massachusetts General Law".

It is imperative for the Police Department to receive timely notices of abandonment as required under the IFB and notices of intent to sell vehicles as required by Massachusetts General Laws because the Police Department must have ample time to verify the status of a vehicle (e.g., stolen) before a vehicle is disposed of by STA. Furthermore, it is important for vehicle owners to receive proper notice of STA's intent to dispose of their vehicles to afford them a final opportunity to retrieve their vehicle. The Police Department must also obtain copies of all bills of sale to monitor compliance with abandoned property laws (e.g., if sales price is greater than garage keeper's lien, excess funds must be returned to vehicle owner or City if owner is unknown).



Recommendations

We recommend the Police Department enforce applicable laws that have been violated. In addition, the Police Department should assess available contractual fines for violations to Section 4.15(q) of the IFB. We have calculated the fine for failure to provide 48-hour notice of abandonment as \$80,900.00 through July 31, 2008 [1,618 vehicles unaccounted for (see Finding #1) at \$50.00 per incident].

In addition, we recommend the Police Department investigate the outcome of the 60 vehicles advertised for sale less than three times as required under Massachusetts General Law. Going forward, we recommend the Police Department request copies of all published advertisements and periodically test a sample of vehicles advertised for sale to determine whether the contractor is adhering to the laws of the Commonwealth.

The Police Department must also pursue any discrepancies discovered in the transfer of titles for vehicles sold or salvaged from both our sample and in future analysis.

Finally, we recommend the Police Department obtain a bill of sale invoice in lieu of a final bill for all vehicles sold by STA.

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

FINDING # 7

CORI/SORB examinations and written evidence of alcohol and drug testing for employees have not been provided by STA.

The contract requires that all individuals employed to perform towing services receive a Criminal Offender Record Information (CORI) and Sex Offender Registry Board (SORB) examination. According to the IFB, STA must not employ for this work ***at any time*** an individual who has not received a CORI or SORB examination (Sections 1.21(E), 4.7(c), 4.10(e)). When the examination results are obtained, the Police Department will then assess the information to determine if the existence and status of any convictions present show moral fitness. If the results are satisfactory, the Police Department will subsequently issue an identification card as certification of the employee's affiliation under the contract (Section 4.9(g)).

On July 24, 2007, the City issued a written request to STA for CORI and SORB reviews. In STA's written response dated August 20, 2007, STA stated they would complete the review for personnel providing services by September 15, 2007 and for all other personnel by November 1, 2007. On May 5, 2008, the City issued an additional written demand for CORI and SORB reviews and provided STA with a deadline of five business days from the day of receipt of the letter. STA responded on May 15,



2008 and stated, "...we anticipate being able to complete all of the required CORI checks within forty-five (45) days. Some CORI checks have been completed and will be forwarded to the Springfield Police Department." As of the date of this review, no CORI or SORB examination results have been received by the Police Department and, consequently, no identification badges have been issued to tow truck drivers to date.

Section 4.9(e) of the IFB requires STA to provide written assurance to the City that each driver participates in an alcohol and controlled substance testing program that meets the requirements of the Federal Motor Carrier Safety Regulations found at 49 C.F.R. Part 382. The Police Department's latest inspection report erroneously noted that STA was in compliance because the operations manager of STA verbally indicated "they have not had any issues with employee substance abuse." As of the date of this report, the required written assurances of driver participation in a substance abuse program have not been provided by STA.

Compliance with these provisions is vital to the public's welfare because currently the moral fitness and identity of tow truck drivers is unknown. The Police Department has not implemented procedures to prevent illegal and/or unauthorized drivers from performing police ordered towing services.

Recommendations

The Police Department must immediately enforce the requirements outlined above. Any tow truck operators that have not had a CORI and SORB examination report submitted to the Police Department by STA must not be allowed to tow vehicles. The Police Department must also insist upon receiving written assurance regarding the alcohol and controlled substance testing of each driver. Once the proper criminal records and background checks have been verified, we recommend the Police Department immediately issue identification cards to the respective drivers. A current Police Department ID card along with a current driver's license must be presented to the Police Officer on scene to verify identity of the driver (per Section 4.9(c)).

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

The Police Department has made numerous requests for this information. We also asked the Law Department for help with additional requests. As of this date, we still have not received this information.

CORI checks are essential to be able to verify the identity of drivers. Only then can the Police Department ask for drug and alcohol testing assurances.



FINDING # 8

STA has failed to provide the Police Department with remote access to tow data and GPS functionality.

The Technical Proposal provided by STA stated that their "...software permits, if the City so desires, secure access through a dedicated web site to the Springfield Police Department so that [a tow] file can be viewed from the Police Department headquarters at any time" (page 10). This remote access functionality has not been realized. The City does not have access to any STA tow data electronically.

This remote access functionality is essential for the Police Department to be able to quickly verify the status of a vehicle at any time. This would ensure that discrepancies could be resolved in a timely manner and that payment and inventory data could be corroborated and analyzed.

The proposal of a GPS system was presented by STA during a presentation to City officials. The presentation showed that a geographic interface and a global positioning system located inside on-board computers would permit real time views of each job's progress. In the Technical Proposal submitted by STA it was stated that the cutting edge state-of-the-art global positioning system would allow both the Police Department and STA to see the progress of each tow unit as it completes assignments. In STA's response to an additional information request by the City, the mobile computer units, automated vehicle location, and geographic information files were again offered. The City sent correspondence on July 24, 2007 seeking an update on when STA would be providing and implementing the GPS equipment. The attorney for STA, Mickey Harris, responded on August 20, 2007 that the GPS units were delayed due to configuration issues with the manufacturer but that the installation process had begun and full installation plans would be forthcoming within two weeks. In the last inspection performed by the Springfield Police Department on May 28, 2008, nineteen of the twenty four towing vehicles inspected did not contain GPS equipment. In a letter dated May 15, 2008, Mr. Harris stated that STA would not expand the acquisition of GPS equipment until the annual number of tows of 10,500 is realized. The City estimated the number of tows as 10,500 in the IFB although the same section stated that the *actual* number of vehicles received at the vehicle storage facility in 2004 was 7059. The actual minimum number of vehicles received in any week in 2004 was 99 (5,148 annualized) while the actual maximum was 235 (12,220 annualized). In the course of our review we found that during the first year of this contract the total number of police ordered tows per the Police Department's database is 7,202. The proposal by STA to provide the GPS equipment and functionality was never conditional on the number of tows that would be realized in a given year.

STA's proposal to provide the GPS equipment and functionality was influential in the City's decision to award the contract. Therefore the refusal to proceed with what was promised is not in compliance with this Agreement.

In lieu of the City having electronic access to the status of vehicles with STA, a labor intensive filing system of tow forms and status reports is used to monitor vehicles and to resolve discrepancies, which involves a great deal of time for both the Police Department and for STA. Unfortunately, as was previously mentioned, even this manual process cannot be achieved today due to non-compliance of STA in providing required reports and documents.



Recommendations

The Police Department should pursue STA's acquisition of remote access communication equipment and related GPS functionality as provided for in the Agreement. Alternatively, the City should seek reimbursement from STA for the extra time the Police Department is required to spend data entering the manual system required because the electronic system has not been installed by STA. In addition, the Police Department should consider withholding inspection approval for any tow truck lacking the GPS equipment required in the Agreement. If the recommendations fail to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

The Police Department has requested compliance with this finding on numerous occasions and has brought this violation up during every inspection, yet STA is still not complying.

The Police Department has asked for the Law Department's assistance in making additional requests to STA.

STA has the GPS system but they have not provided a remote access monitor to the Police Department and only a few towing vehicles have GPS tag devices for use with the system. STA remains out of compliance.

FINDING # 9

STA has not satisfied the minimum number and type of tow vehicles required by the Agreement.

Section 4.8(a) of the IFB requires that for each towing district (zone) to be served, the Towing/Storage Contractor must have a minimum number and type of towing vehicles. STA submitted a Bid Schedule Form on September 10, 2006 indicating that four zones would be served. Therefore, this requires STA to retain 24 vehicles of the specified types listed in the IFB.

The Springfield Police Department performed an inspection of all towing trucks purported to be in use by STA on May 28, 2008. The inspection report indicated that STA is out of compliance with the minimum number of required Accident Recovery Vehicles and tow units capable of towing a vehicle of up to 80,000 pounds of gross vehicle weight.

Section 4.8(a) of the IFB requires that a lower number than the minimum requirement is only acceptable if the differing proposed number of vehicles along with a justification is submitted to the City. At the City's sole discretion the bidder may then receive a waiver from the minimum requirement. As of the date of this report, we found no evidence that a waiver was requested by STA. Therefore, the number of vehicles and equipment are not sufficient to accomplish the scope of work as required.



Along with the number and type of tow trucks required, Section 4.8(a) of the IFB cites several equipment requirements which each tow unit must contain. Per the inspection reports, ten of the twenty four vehicles inspected were non-compliant. Section 4.8(e) lists requirements regarding specific required lettering and markings on the towing vehicles. Out of the twenty four vehicles inspected, there were ten missing identification information.

These issues are significant because only tow vehicles that have passed inspection by the Police Department should be used for police ordered tows in order to protect the public. At this time the Police Officers on scene do not know whether tow vehicles have been inspected and whether they have passed or failed.

Recommendations

The Police Department should consider issuing a pre-numbered inspection sticker containing the year or other significant time period to tow vehicles that have passed inspection, so Police Officers on scene can quickly determine if the inspection is current.

Future inspections by the Police Department should include Police personnel noting the tow vehicle's VIN number because in a letter from STA dated May 15, 2008 they stated, "...STA declines to provide that information without further discussion."

A list of inspected vehicles, including the VIN numbers, should be provided to Police Officers as an additional check for verifying that a vehicle has passed Police Department inspection.

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department is willing to implement the proposed sticker certification system. It may be difficult for Police Officers to check these certification inspection stickers at all scenes because of their numerous responsibilities.

At the pre-Bid conference, it was agreed that vehicle requirements would be modified should a single vendor bid on all zones. Therefore, STA is in compliance with the minimum number of vehicles required.

FINDING # 10

The insurance provided by STA does not comply with the contract.

Section VIII(B) of the contract requires STA to have certain insurance coverage which must be provided and maintained during the period of the Agreement and for twelve months following completion. This provision also states that STA is "...responsible for ensuring that its carrier(s) and the carriers of all its subcontractors send the City updated certificates of insurance throughout the term of the Agreement".



In addition, the insurance companies must be licensed and authorized to do business in the Commonwealth of Massachusetts.

During the course of our review, we found STA's insurance certificate on file in the Purchasing Department had expired on May 1, 2008. In addition, the contract required \$2,000,000 of automobile coverage, but the expired certificate only indicated \$1,000,000 in coverage. Moreover, no certificates were on file for any subcontractor. We brought this to the attention of the Purchasing Department and they obtained a current renewal certificate for STA, however the coverage was still \$1,000,000 less than required. In addition, STA has still not submitted certificates for its subcontractors which is a direct breach of contract.

Recommendations

STA is responsible for ensuring its insurance carriers and the carriers of all its subcontractors send the City updated certificates of insurance throughout the term of the Agreement. The Purchasing Department should insure that all certificates are on file, current, and meet the terms of the contract. Going forward, we recommend the Police Department contact the Purchasing Department on the anniversary date of the contract to determine whether updated and compliant certificates of insurance have been provided for STA and its subcontractors. In addition, no new subcontractor should be considered for approval by the City without the required insurance coverage.

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation.

Although this contract compliance issue is the responsibility of the Purchasing Department, we agree to follow-up with the Purchasing Department.

FINDING # 11

The performance bond received from the contractor cannot be validated.

Section VIII(C) of the contract requires STA to file a Performance Bond or Letter of Credit in the amount of \$125,000.00 with the City's Purchasing Department. This must be provided by a reputable Surety or Bank licensed to do business in the Commonwealth of Massachusetts. As part of the Technical Proposal submitted to the City on September 11, 2006, STA presented a letter from NARI-Risk Management which stated that STA had been pre-approved for a Performance Bond pending receipt of a signed copy of the City's contract. The City requested additional information about NARI-Risk Management and the City's Chief Procurement Officer subsequently rejected the use of NARI-Risk Management as surety for the required Performance Bond.



On May 31, 2007, STA submitted to the City copies of a Payment Bond and a Performance Bond dated May 7, 2007 listing Douglas Hilliard as surety and Personal Guarantor. A letter was also submitted from Carter Green, President of Fondren International, Inc. from Henderson, Nevada which stated that an institutional escrow receipt was being held by his company in trust for the City of Springfield. The bond was not on a City prescribed form and it was not signed by the Law Department and the Mayor as required by City policy. The documents provided indicate that the bond has a yearly renewal.

We followed up on this issue with the Purchasing Department and they did not have a copy of the Bond from Fondren International on file. They are currently following up with STA with a written request for updated documents. Recently, our office performed research on the Fondren International, Inc. bond and discovered that the telephone numbers listed as contact numbers for both Douglas Hilliard and Fondren International, Inc. are no longer in service and the website for Fondren International is no longer valid. The address provided for Douglas Hilliard does not exist on internet maps or on the USPS website. Subsequent research uncovered several news stories indicating that the President of Fondren International was incarcerated. The Nevada Secretary of State office lists Fondren International Inc. in default as of 4/1/08.

The contract requires the Performance Bond or Letter of Credit shall to be in effect at all times during the term of the Agreement (Section VIII, Paragraph C). We have confirmed that the Performance Bond provided at the inception of this contract is no longer valid. This is a fundamental compliance issue because without a current Performance Bond in place, the City is unable to recover any losses or damages that arise due to failure of STA to perform under this contract.

Recommendations

The Purchasing Department must obtain a new Performance Bond to insure the City is protected. The Police Department should work with the Purchasing Department to insure the bond is immediately obtained. If a bond is not obtained the Police Department should consider cancelling the Agreement as this is a material breach of contract.

Police Department Response

The Police Department agrees with this recommendation.

Although this contract compliance issue is the responsibility of the Purchasing Department, we agree to follow-up with the Purchasing Department.

**FINDING # 12*****Towing and storage rates are not posted and a public telephone has not been installed for the public's use in the vehicle storage facility.***

Section 4.13 (a) provides that STA "...shall post in the area where customers will pick up their vehicles and pay their towing bills, a conspicuous, legible and accurate listing of towing and storage charges. A legible, written listing of said charges shall be made available on request to people whose motor vehicles are, or are in the process of being towed." The Police Department performed an inspection on May 28, 2008, and at that time, STA did not have the towing and storage rates posted.

Section 4.15(b) requires STA to have a pay phone installed at a location easily accessible to the public and accessible to the handicapped. Even though STA's Technical Proposal dated September 11, 2006 stated that a pay phone unit would be ordered and installed within two weeks of the contract being awarded, as of the date of the City's annual inspection on May 28, 2008, a public telephone still had not been installed. When asked about this finding during the annual inspection, STA indicated they provide customers with use of their office phone.

The requirement to post towing and storage rates approved by the City is needed to insure the public is informed of the correct charges and fees. The public phone is important to insure the public has telephone access in case they wish to have their car towed by another towing contractor if repairs are needed.

Recommendations

We recommend the Police Department enforce available contractual fines of \$50.00 per day for violations to 4.15(b) of the IFB. We calculated the fines from the inception of the contract, May 1, 2007, through the date of the last annual inspection, May 28, 2008. The total fines are \$19,650.00 [393 days at \$50.00 per day]. The Police Department should periodically inspect the premises of the vehicle storage facility to ensure that current towing rates and storage fees remain posted and that a public pay phone is installed that meets the requirements of the Americans with Disabilities Act.

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

Police Department Response

The Police Department agrees with this recommendation and is willing to assess any applicable fines.

Subsequent to the inspection on May 28, 2008, STA did post some rates. However, the contract needs clarification as to which rates are required to be posted. We will work with the Law Department to determine whether STA is now in compliance with posting rates.

To our knowledge, a public telephone has still not been installed.

**FINDING # 13*****Amounts charged to vehicle owners are in excess of the amounts allowed in the Agreement.***

MGL chapter 159B, Section 6B and the Department of Public Utilities set forth maximum charges that may be assessed for towed vehicles that are police ordered. The current maximum storage rate is listed as \$20.00 for each 24 hour period the vehicle is stored. The Bid Schedule Form submitted by STA listed \$20.00 as the storage fee that would be assessed per 24 hour period which was accepted by the City. However, the Police Department found numerous instances, subsequently confirmed during the course of our review, of vehicle owners being charged a storage fee of \$30.00 rather than the contractual Agreement of \$20.00. STA was notified by the City's Compliance Officer in a letter dated June 23, 2008 that this practice is a direct violation of the terms of the contract and that STA should immediately cease charging the \$30.00 rate. As of the date of this review STA continues to charge the \$30.00 storage rate to various customers.

Question number 17 in addendum #1 to Bid No. 41 addressed the issue of charging customers for certified mail fees. The City stated that bidders should submit a rate that they consider "fair and reasonable" and then it would be evaluated. However, the Department of Public Utilities subsequently issued a Bulletin dated June 1, 2007 which stated, "items such as: gate/yard fees, administrative office fees, postage/certified mail fees, vehicle covering fees, repositioning fees, absorbent material fees, license plate removal fees, vehicle cleaning fees, etc. will not be allowed and must not be shown on a tow invoice or other form." STA did not originally submit a fee for consideration by the City in the bid, however immediately began charging a \$10.00 certified mail fee to customers. During the Police Department inspection on May 28, 2008 it was confirmed that even though charging the fee had been subsequently disallowed by the Department of Public Utilities, STA was still charging customers for certified mail fees.

Section 4.15(o) of the IFB states that STA will send a certified letter within 24 to 36 hours of receiving a towed motor vehicle to vehicle owners notifying them that their vehicle is at the yard. Section 4.15(h) notes that, "no storage fees will be assessed for the first seventy-two (72) hours after notification by registered letters or twenty-four (24) hours from actual notice to the registered owners of stolen motor vehicles." During the course of our review we discovered instances of vehicle owners being charged storage fees from the date the vehicle originally was towed to the storage facility.

The practice of charging exorbitant fees to vehicle owners is not acceptable. Only fees that comply with the laws of the Commonwealth of Massachusetts and are contractually agreed to are allowable.

Recommendations

The Police Department must immediately resolve this finding by enforcing or reporting to relevant agencies any laws that were violated. The Police Department should notify STA in writing that any excessive fees collected from vehicle owners must be returned. We recommend the Police Department consider terminating the Agreement as STA is intentionally charging inflated fees to vehicle owners.

If STA fails to achieve compliance, the Police Department should consider terminating the Agreement.

***Police Department Response***

The Police Department agrees with this recommendation.

FINDING # 14

STA has not satisfied the contractual requirement for a 600 minimum vehicle capacity at the storage yard.

STA must be capable of storing not less than six hundred (600) police ordered towed vehicles per Section 4.15(k) of the IFB. To help meet this requirement, the City agreed to lease its storage facility at 29 Chandler Street to STA which has a maximum capacity of five hundred (500) vehicles per the IFB.

STA currently leases the City's vehicle storage facility but is still required to provide the location of an additional lot to satisfy the remaining requirement of storing at least one hundred (100) additional vehicles. On May 15, 2008, STA responded that efforts were underway to secure the additional storage capacity. As of the date of this report STA has not provided the location of their overflow lot.

The lot size is significant to the City because if there is a major snowstorm or other street emergency, the City must have adequate space for storing towed vehicles to insure streets are unobstructed for public safety.

Recommendations

Under Section 4.17(c), the fine for violating the 600 vehicle capacity requirement is \$50.00 per day. As of the date of this report the fine is calculated as \$24,300.00 [\$50.00 per day times 486 days: May 1, 2007 through August 29, 2008]. The Police Department should consider assessing the fines until compliance is achieved.

The Police Department should consider assessing the fines until compliance is achieved.

Police Department Response

The Police Department agrees with this recommendation and is willing to assess any applicable fines.

FINDING # 15

STA has sublet use of its City-owned vehicle storage facility to another towing company without the City's consent.

During the course of our review, we were advised by the Police Department that a subcontractor used by STA, Chico's Towing Service, Inc., is currently subletting a section of the vehicle storage facility the City owns and is leasing to STA. We searched the Massachusetts Secretary of the Commonwealth's



website and confirmed that Chico's Towing Service, Inc. is using 61 Chandler Street as the location of its principal office. This is a violation of the Lease Agreement which states that neither the premises or any portion of the premises shall be sublet (Contract 1023, Section 7).

Recommendations

Subletting the premises is a breach of contract and the Police Department should require the unlawful tenant to immediately vacate the premises. Any unnecessary delay should result in the immediate termination of the lease Agreement and police ordered towing Agreement.

Police Department Response

The Police Department agrees with this recommendation.

We documented this subletting issue during a site visit. We immediately turned documentation including photographs over to the Law Department. We are currently awaiting a response from the Law Department to determine how to proceed.

FINDING # 16

Contact information for billing complaints is not properly communicated to vehicle owners by STA. In addition, the City's management of complaints needs improvement.

Sections 4.14(f) and 4.16(c) of the IFB require billing disputes to be handled by the City's Chief Procurement Officer. Contact information regarding billing disputes is required to be noted on owner's copy of the tow form. In a previous finding we noted that the final invoice that is provided to vehicle owners is actually a form that is generated from STA's towing software system. During the course of our review we ascertained that this computer generated invoice does not contain the required contact information for billing disputes.

This finding is significant because vehicle owners are not given proper notice of the appropriate person to contact to report billing disputes. The Compliance Officer is therefore unable to act as an advocate for the citizens of Springfield.

Section 4.16 requires complaints other than billing disputes to be submitted to the Police Department. During the course of our review, we discovered that due to the nature of many of the complaints, numerous City personnel are involved in the resolution of the complaints. The data is not centralized and original complaints, related correspondence, and subsequent resolutions are not properly documented, organized or readily accessible for analysis.

Recommendations

The Police Department should develop a standard complaint and resolution form to be used to record all complaints received. A log should be maintained by the Police Department as to the dates of the



complaints, the nature of the complaint, actions taken, and the final resolution. The Police Department must work collaboratively with the Purchasing Department and any designee handling complaints to ensure that all complaints are captured and centrally maintained.

Police Department Response

The Police Department agrees with this recommendation.

FINDING # 17

The City has paid for utility and maintenance costs that are STA’s responsibility.

Section 4.15(d) of the IFB states that payment of all utilities at the vehicle storage facility is the responsibility of STA. During our review we discovered that STA failed to convert the utilities for the leased property at 29 Chandler Street. Therefore, the City erroneously paid utilities on behalf of STA. The City’s Law Department advised us that STA is only responsible for utilities from the date they occupied the property which was on or around October 1, 2007. Utility billing amounts were obtained from the City’s Energy Manager. We prorated the utility bills to reflect the date of occupancy through the date the utilities were transferred to STA. The amounts erroneously paid by the City are listed below:

**29 Chandler Street
10/1/07 through 2/12/08**

Vendor	Invoice Date	Period	# of days	Amount
BayState Gas	10/15/2007	Sep 13 - Oct 15, 2007	15/33	\$14.80
BayState Gas	11/9/2007	Oct 15 - Nov 9, 2007	26	73.62
BayState Gas	12/14/2007	Nov 9 - Dec 12, 2007	34	614.09
BayState Gas	1/16/2008	Dec 12 - Jan 11, 2008	31	726.48
BayState Gas	2/12/2008	Jan 11 - Feb 12, 2008	33	1,200.46
ConEdison	10/21/2007	Sep 14 - Oct 15, 2007	15/32	640.19
ConEdison	11/25/2007	Oct 15 - Nov 13, 2007	30	1,261.72
ConEdison	12/18/2007	Nov 13 - Dec 13, 2007	31	1,297.01
ConEdison	1/17/2008	Dec 13 - Jan 15, 2008	34	1,363.97
ConEdison	2/11/2008	Jan 16 - Feb 11, 2008	27	473.47
WMECO	10/18/2007	Sep 14 - Oct 15, 2007	15/32	304.05
WMECO	11/19/2007	Oct 15 - Nov 13, 2007	30	590.00
WMECO	12/14/2007	Nov 13, - Dec 13, 2007	31	556.45
WMECO	1/15/2008	Dec 13 - Jan 15, 2008	34	559.51
WMECO	2/11/2008	Jan 16 - Feb 11, 2008	27	190.30
Total utilities paid by City				\$9,866.11

Section 6 of the lease Agreement (Contract 1023) states as follows: “... [STA (lessee)] agrees that lessor shall not be required to make any improvements or repairs upon the premises demised or any part of them. Lessee agrees to obtain written approval from lessor prior to any major renovations and/or leasehold improvements to the premises. Lessee agrees to make all improvements and repairs at lessee’s sole cost and expense, and agrees to keep the premises safe and in good order and condition at all times during the term, and upon expiration of this lease, or at any sooner termination, the lessee will quit and



surrender possession of the premises peaceably and in as good order and condition as the premises were at the commencement of the term, reasonable wear, tear and damage by the elements excepted; lessee further agrees to leave the premises free from all nuisance and dangerous and defective conditions.” The City’s Chief Compliance Officer was alerted by the Facilities Division that STA had been contacting Facilities personnel directly to have repairs and maintenance work done at the City’s expense. These repairs and maintenance expenditures approximate \$4,400.00. The Facilities Division was notified to immediately cease performing repairs and maintenance at 29 Chandler Street because it is contractually the responsibility of the lessee.

During one of their visits to 29 Chandler Street, Facilities Division personnel noted that STA built a wall that did not meet Massachusetts Building Code requirements as it was blocking the building’s electrical panel. We requested a listing of permits received from the Department of Code Enforcement – Building Division. We were advised that only one permit was applied for since the inception of the contract and it was for the installation of surveillance equipment. We further advised Code Enforcement personnel about the wall STA built to make sure that it is in compliance. As of the date of this report we are unaware of the status of this case.

Recommendations

Verification of the transfer of utilities accounts must be obtained by the Police Department from the City’s Facilities Division. We recommend the Police Department immediately pursue reimbursement from STA for utilities expenditures of \$9,866.11.

We also recommend that the Police Department work with the Facilities Division in quantifying and billing STA for work performed by the City that is STA’s responsibility per the lease Agreement. The Police Department should consider communicating the terms of the contracts with the City’s Parks, Buildings and Recreation Management Department to keep pertinent City employees informed of compliance issues.

Police Department Response

The Police Department agrees with this recommendation.