

Parking Contract Case Decision

MFRAC Meeting
September 27, 2022

Decision in Parking Contract Matter

- On September 19, 2022, the Commonwealth Court found that the parking contract between the City and PFS VII, LLC was **VOID** and that the Receiver may terminate the parking contract.
- Specifically, the Court wrote: “[T]his Court concludes that the City failed to comply with the advertising and competitive bidding requirements of the Third Class City Code, and, as a result, the parking contract is void.” (Decision at p. 19)

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- Further, the Court wrote on page 21 of its decision:
 - “Here, this Court is not faced with a technical defect in the execution of a public contract, such as a missing signature or a failure to reduce an oral agreement to writing, that can be remedied by subsequent ratification. Receiver contends, and this Court agrees, that the City failed to comply with the mandatory competitive bidding procedures in awarding the contract to PFS, thereby rendering the contract void. It is well settled that “[the] mandatory requirements for competitive bidding exist to invite competition and to guard against favoritism, improvidence, extravagance, fraud and corruption in the award of municipal contracts.” *Fedorko*, 755 A.2d at 122.

What Does it Mean for a Contract to Be Void?

- A “void” contract essentially means that it never existed in the first place. The services of that “contract” can no longer be performed under the law.
- The Receiver cannot agree to extend the contract with PFS as there is no contract because it is void.

Other Significant Aspects of the Decision

- The Court found that the Receiver has broad authority: “Given the broad authority granted to an appointed receiver and the concomitant limitations placed on an elected or appointed official’s authority following the Court’s confirmation of a recovery plan, this Court concludes that it may reject Receiver’s proposed termination of the parking contract *only if it determines that termination is inconsistent with the Amended Recovery Plan.*” (Decision on pages 9-10 emphasis added)
- To the Receiver’s knowledge, this is also the first instance of a Court allowing a Receiver to use his powers under Act 47 to terminate a contract.

What's Next for Parking in Chester?

- The Receiver has directed that, at tomorrow's City Council meeting, the City issue authorization for a parking RFP that would engage a vendor to perform the following services:
 - Enforce current parking regulations including the resident parking permit program
 - Develop a comprehensive parking plan for the City via a study
 - Implement and manage a parking program for the City
- The Receiver will be issuing a letter to PFS to cease their services as their contract is void.

What's Next for Parking in Chester? (contd.)

- Based on the status of where things stand now, the following is the rough timeline for next steps:
 - Assuming that City Council votes to issue authorization for the RFP tomorrow, the RFP would likely be posted next week (first week of October) and responses would likely be due towards the end of October
 - A selection would then be made within 30 days after
 - The selection committee will be made up of the Receiver, the Receiver's Chief of Staff, another member of the Receiver's team, the COO and a Councilmember
 - After a selection is made, a contract would be negotiated and once that is completed, the vendor will begin work