



Agenda Report

July 23, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Internal Audit Manager

SUBJECT: AUTHORIZATION TO ENTER INTO A ONE YEAR CONTRACT WITH TAP INTERNATIONAL, INC. TO AUDIT THE PARKING GARAGES CONTRACTORS FOR AN AMOUNT NOT TO EXCEED \$102,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule); and
2. Amend the adopted FY 2019 budget to appropriate \$102,000 from Off-Street Parking Facilities Fund 407 fund balance, as detailed in the fiscal impact section.
3. Authorize the City Manager to enter into a contract, as the result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with TAP International, Inc. for a performance audit of in an amount not to exceed \$102,000, which includes the base contract amount of \$97,014 and a contingency of \$4,986 to provide for any necessary change orders. Competitive price bidding is not required pursuant to City Charter Section 1002(F)(contracts for professional or unique services).

BACKGROUND:

The City of Pasadena (City) owns nine parking garages located in the Civic Center and Old contractors. The three Old Pasadena garages (Schoolhouse, DeLacey, and Marriott) are currently operated by Parking Concepts, Inc., under a contract with the City. Five of the six Civic Center garages (Holly, Paseo Subterranean, Los Robles, Marengo and Del Mar) are

operated by Modern Parking, Inc., under contract with the City. The sixth Civic Center garage, (Plaza Las Fuentes), is operated by ABM under contract with Downtown Properties on behalf of the City. The parking management contractors are responsible for collecting revenues and managing expenses for the City. Actual revenues for FY2016 were \$13,912,588.

Because of the significant revenue received by the parking management contractors, it is important to periodically audit how well they are managing the garages. At the request of the City, Lance, Soll and Lunghard, CPAs (LSL) reviewed the internal controls, revenue earned and costs incurred from the three parking management contractors in 2014. The scope of their review was fiscal years (FY) 2012, 2013 and 2014.

Internal Audit had included an audit of the parking management contractors in the FY16 and FY17 audit plans. The audit was delayed because the Department of Transportation (Transportation) was in the process of issuing a Request for Proposals to replace the existing contracts with a single parking management contractor. Transportation's recommendation for a new parking garage management company was presented to City Council in October 2017. City Council directed staff to extend the existing contracts for a year with staff returning to City Council with a recommendation on consolidating to one operator for the eight City garages between the two contractual operators. The third parking management contractor would continue to operate the Plaza Las Fuentes parking garage.

Since the last review was over three years ago, the City has requested proposals to complete a performance audit of the three parking management contractors for FY's 2015, 2016 and 2017. The performance audit will evaluate compliance to policies and procedures and contractual requirements, financial management of revenues and expenses, effectiveness of internal controls, and effectiveness and efficiency of the use of technologies, people and processes to manage the parking garages. It is expected that this information will be used, in part, to make a future recommendation to City Counsel regarding the proposed garage operator.

A formal Request for Proposal (RFP) was issued on April 5, 2018. The RFP was advertised for over three weeks on Planet Bid through the Purchasing Department. Interested vendors were given opportunities for inquiries regarding the RFP. Notification of the RFP was sent to 2,384 vendors with 32 vendors downloading the RFP. The due date was May 1, 2018 and proposals were received from four firms. A review committee comprised of City staff evaluated the proposals based on the criteria below (as set forth in the RFP).

Criteria:	Weight:
Experience/Team Qualifications	30%
Proposed Audit Approach	20%
Cost Proposal	40%
Local Pasadena Business	5%
Small or Micro Business	5%

An evaluation panel was assembled consisting of three independent evaluators. The final scores based on the stated evaluation criteria were:

Proposer	Experience/ Team Qualification	Audit Approach	Price	Local Pasadena Business	Small/ Micro Business	Total (Out of 100 points)
TAP Intl, Inc	25.67	17.67	28.39	5.00	5.00	81.73
Clifton Larson	22.33	16.00	36.11	5.00		79.44
Harvey M. Rose	12.33	16.00	40.00			68.33
BCA Watson Rice	28.33	19.67	11.37			59.37

Based on the results of the evaluation, TAP International, Inc. (TAP International) met all the required specifications in the RFP and received the highest final score. TAP International is a woman owned California Corporation and a certified small business with an office in the City of Pasadena. TAP International's proposed team has significant performance auditing experience and has conducted several projects related to the proposed scope of work. They have proposed to provide the City with a cost-effective performance audit that is fair, objective and balanced. They will complete the scope of work and provide evidence-based conclusions and recommendations with an aim to identify ways for the City to strengthen service delivery and potentially increase revenue.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required.

FISCAL IMPACT:

The current estimated fund balance in Fund 407 is \$1.4M. Staff is requesting additional budget appropriation of \$102,000 from Fund 407 fund balance into the following accounts:

Garage	Account	Amount
Holly	40724009-811400	\$9,000.00
Plaza Las Fuentes	40724012-811400	\$14,000.00
Schoolhouse	40724023-811400	\$15,000.00
Delacey	40724024-811400	\$9,000.00
Marriott	40724025-811400	\$2,000.00
Marengo	40724029-811400	\$12,000.00
Los Robles	40724030-811400	\$9,000.00
Paseo Sub	40724031-811400	\$22,000.00
Del Mar	40724032-811400	\$10,000.00
Total		\$102,000.00

Respectfully submitted,


RUTHE HOLDEN
Internal Audit Manager
Department of the City Manager

Approved by:


STEVE MERMELL
City Manager

Attachments: (1)

Attachment A – Taxpayer Protection Amendment