

# Agenda Report

TO: CITY COUNCIL

DATE: July 17, 2006

FROM: City Manager

SUBJECT: AGREEMENT WITH THE OLD PASADENA MANAGEMENT DISTRICT FOR THE MANAGEMENT OF THE SCHOOLHOUSE, DELACEY, AND MARRIOTT PARKING GARAGES

## **RECOMMENDATION:**

It is recommended that the City Council authorize the City Manager to execute an agreement with the Old Pasadena Management District for the management of the Schoolhouse, Delacey, and Marriott parking garages for the period covering July 1, 2006 to December 31, 2010.

## **BACKGROUND:**

On June 27, 2002, the City received a proposal from the Old Pasadena Management District (OPMD) to operate the three City-owned parking structures in Old Pasadena. On December 8, 2003, City Council authorized the City Manager to enter into an agreement with the Old Pasadena Management District to manage the Schoolhouse, Delacey, and Marriott garages in Old Pasadena. The agreement ended on June 30, 2006 and both parties want to continue the relationship. The deal points from the original agreement include the following:

- Provision for a 30 day written notice to terminate with or without cause
- All contracts OPMD executes for services in the garages must include provisions for assignment to the City should the agreement be terminated
- Management fee to be adjusted each year by 3%
- No performance-based bonus or profit sharing of revenues
- City Council reserves right to adopt any proposed changes to the parking rates, which may originate from City staff or the OPMD
- Pro-forma must be included as part of agreement
- Performance standards and measures to be included in the agreement

All of the original terms and conditions will remain the same. A few modifications to the original agreement are being recommended by staff and OPMD which include the following:

- Agreement term to be July 1, 2006 to December 30, 2010, consistent with the term of Pasadena Business Improvement District (PBID)
- Pro-forma will be for the same time frame as the PBID (Attachment 1)
- Increase annual contract base to cover expenses incurred by OPMD by \$6,000.

Additional changes requested to the Performance Measures by OPMD include the following:

Under Fiscal Management Section

- Annual revenues will be maintained at a level not less than the current FY 2003 Budget should be revised to reflect current budget year
- Monthly parking operating (expense) reports to be submitted by the 10<sup>th</sup> of each month should be revised to read "by the 15<sup>th</sup> of each month" to reflect current due date.
- Annual operating expense (excluding CIP) are reduced by at least 5% compared to the base year (FY ending June 30, 2003) should be revised to read "not to exceed operating budget".

Under Schoolhouse Trash Compactor

- Ensure that compactor is emptied at least 6 days per week should be revised to "at least 4 days per week" as per current schedule. If service is required at a more frequent level by the City, fees will need to be increased to all users accordingly.

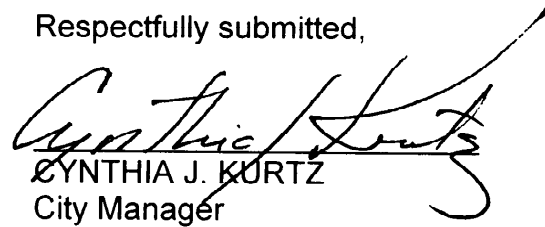
The original agreement ended on June 30, 2006. The negotiations with OPMD took longer than anticipated and hence staff was unable to bring this recommendation forward prior to the contract expiration. As an interim measure, the City has issued a purchase order with OPMD to ensure that they have operating funds for the period of July 1, 2006 through July 17, 2006, upon Council's approval of the new agreement.

The garage operations have improved and the revenues have exceeded the budget projections. New parking revenue and control equipment has been installed at all of the structures, new signage has been added, lighting fixtures have been retrofitted, and minor painting has been completed.


**FISCAL IMPACT:**

Funds for this contract are included in the Department of Transportation's FY2007 Operating Budget.


Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

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Approved by:

  
Joyce V. Amerson  
Director of Transportation

Old Pasadena Management District  
 Old Pasadena Parking Structures  
 Budget Draft for FY 2006 - 2007

	FY 04 - 05 Actual	FY 05 - 06 Budget	FY 05 - 06 Projected	FY 06 - 07 Budget	FY 07-08	FY 08-09	FY 09-10	FY 10-11
<b>REVENUE</b>								
Transient								
Delacey	\$2,594,429	\$2,731,508	\$3,012,858	\$2,866,000	\$2,952,000	\$3,040,000	\$3,131,000	\$3,224,500
Schoolhouse	\$1,043,456	\$1,121,343	\$1,220,393	\$1,158,000	\$1,193,000	\$1,229,000	\$1,266,000	\$1,304,000
Marriott	\$1,453,865	\$1,518,358	\$1,689,505	\$1,587,000	\$1,637,000	\$1,686,000	\$1,736,500	\$1,788,500
	\$97,108	\$91,807	\$122,960	\$121,000	\$122,000	\$125,000	\$128,500	\$132,000
Monthly Contract (1)								
Delacey	\$654,453	\$730,800	\$811,413	\$760,000	\$783,000	\$806,000	\$830,000	\$854,500
Schoolhouse	\$182,450	\$201,740	\$246,523	\$240,000	\$246,000	\$253,000	\$260,500	\$268,000
Marriott	\$417,484	\$467,060	\$502,488	\$460,000	\$476,000	\$490,000	\$504,500	\$519,500
	\$54,519	\$62,000	\$62,402	\$60,000	\$61,000	\$63,000	\$65,000	\$67,000
<b>Total Revenue</b>	<b>\$3,248,882</b>	<b>\$3,462,308</b>	<b>\$3,824,271</b>	<b>\$3,626,000</b>	<b>\$3,735,000</b>	<b>\$3,846,000</b>	<b>\$3,961,000</b>	<b>\$4,079,000</b>
<b>EXPENSES</b>								
8101/44 Materials, Supplies & Postage								
8114 Contract Services								
Public Relations	\$8,854	\$8,400	\$5,405	\$8,400	\$9,000	\$9,500	\$10,000	\$10,500
Schoolhouse & Delacey Expenses	\$2,361	\$30,000	\$30,000	\$15,000	\$16,000	\$17,000	\$18,000	\$19,000
Security	\$246,968	\$354,791	\$315,703	\$340,000	\$357,000	\$375,000	\$394,000	\$414,000
Parking Management (2)	\$1,090,868	\$771,160	\$732,595	\$870,000	\$915,000	\$960,000	\$1,008,000	\$1,058,500
Repairs & Maintenance	\$61,581	\$89,536	\$53,950	\$89,536	\$94,500	\$99,500	\$105,000	\$110,500
Marriott Expenses								
Security	\$28,246	\$36,530	\$32,051	\$31,000	\$33,000	\$35,000	\$37,000	\$39,000
Parking Management (3)	\$178,351	\$125,382	\$162,241	\$37,500	\$40,000	\$42,000	\$44,500	\$47,000
Repairs & Maintenance (4)	\$3,007	\$3,693	\$11,160	\$3,693	\$4,500	\$4,800	\$5,100	\$5,400
Schoolhouse Compactor (5)	\$55,801	\$7,240	\$45,624	\$47,500	\$30,000	\$31,500	\$33,100	\$35,000
SBC for ADN & DSL Lines (6)	\$0	\$4,200	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$52,137	\$27,880	\$27,880	\$47,000	\$49,500	\$52,000	\$54,500	\$57,500
Pressure Washing of Stairwells & Decks								
Audit of PCI								
8156 Insurance	\$44,916	\$22,056	\$20,175	\$23,159	\$27,000	\$31,000	\$36,000	\$41,500
<b>Total Expense</b>	<b>\$1,773,090</b>	<b>\$1,530,868</b>	<b>\$1,436,804</b>	<b>\$1,512,788</b>	<b>\$1,575,500</b>	<b>\$1,657,300</b>	<b>\$1,745,200</b>	<b>\$1,837,900</b>
<b>Net Income On Garage Operations</b>	<b>\$1,475,792</b>	<b>\$1,931,440</b>	<b>\$2,387,467</b>	<b>\$2,113,212</b>	<b>\$2,159,500</b>	<b>\$2,188,700</b>	<b>\$2,215,800</b>	<b>\$2,241,100</b>

- 1) Actual for '05-'06 includes approximately \$35,000 in recouped past due monthly fees which will not be annversaried as a result of more consistent payment monitoring and controls.
- 2) Increased costs are associated to the addition of one supervisor, the addition of 16 weekend cashier hours at Schoolhouse, and new service contracts.
- 3) Cost reduction due to installation of pay on foot equipment, thus elimination of most cashier hours.
- 4) Significant '05-'06 repairs and consistent future maintenance should equate to normal repair costs in '06-'07.
- 5) Morlin Management fees, Clean Street cleaning of compactor.
- 6) Incorporated into Parking Management fees going forward