

# Agenda Report

July 24, 2017

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Department of Transportation

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH LAZ PARKING FOR THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE PASEO SUBTERRANEAN, MARENGO, LOS ROBLES, HOLLY STREET, DEL MAR STATION, SCHOOLHOUSE, DELACEY AND MARRIOTT PARKING GARAGES IN AN AMOUNT NOT TO EXCEED \$9,665,500 FOR THREE-YEAR TERM**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Authorize the City Manager to enter into a contract, based on a competitive selection process pursuant to Pasadena Municipal Code Section 4.08.047, with LAZ Parking for the management of the Paseo Subterranean, Marengo, Los Robles, Holly Street, Del Mar Station, Schoolhouse, DeLacey and Marriott parking garages for an amount not to exceed \$9,665,500 for three-years, with the option for two additional one-year terms at the discretion of the City Manager.

## **BACKGROUND:**

The City owns nine parking garages located in the Civic Center and Old Pasadena areas. The three Old Pasadena garages (Schoolhouse, DeLacey, and Marriott) are currently operated by Parking Concepts, Inc., under a contract with the Old Pasadena Management District on behalf of 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 garage (Plaza Las Fuentes) is operated by ABM, under a contract with Downtown Properties on behalf of the City and

is not part of this proposed contract at this time as the City is in negotiations with Downtown Properties for a new management agreement.

In 2013 the City contracted Lance, Soll and Lunghard, Certified Public Accountants, (LSL) to conduct an audit of the City's parking operations. On October 20, 2014, the LSL audit recommendations were presented to the Audit/Finance Committee. The audit recommended that the City should directly oversee garage revenue functions, both transient and monthly, to prevent any revenue loss. The audit found that limiting the number of parties with access to revenues significantly reduced risk in the garage operations. Currently, the City only oversees the revenue functions for the Holly, Paseo Subterranean, Los Robles, Marengo and Del Mar garages. The audit also found that the City should standardize the contracts for the parking garage operators in order to have a uniform approach to operations and to bind all operators by the same terms and conditions. The current contracts have different standards and terms and do not provide a universal approach to parking garage operations and management. The benefits of the proposed contract include: tighter controls over the garage revenues by reducing the number of parties with access to revenues; cost savings due to economies of scale under one operator; improved risk management; and establishing a citywide standard for parking garage operations.

Under this proposed contract the Old Pasadena Management District would continue to be involved in day to day operations of three garages and would focus on customer service but would not contract on behalf of the City. Revenue management would be the City's responsibility.

On February 27, 2017, the Department of Transportation released a Request for Proposals (RFP) to solicit proposals for parking garage management, operation and maintenance services at the eight City-owned garages (Paseo Subterranean, Marengo, Los Robles, Holly Street, Del Mar Station, Schoolhouse, DeLacey and Marriott garages). The initial contract term specified in the RFP is for three years with an option for two additional one-year terms at the discretion of the City Manager based upon performance, availability of City funds and adjustments based on changes in the Consumer Price Index. The new contract is expected to begin October 1, 2017.

The RFP was posted on Planet Bids and representatives from nine companies attended the mandatory Pre-Proposal meeting held on March 8, 2017. On March 29, 2017, five companies submitted their proposals:

- LAZ Parking (LAZ), Los Angeles CA
- Modern Parking, Inc. (MPI), Los Angeles CA
- Parking Company of America (PCAM), Los Angeles CA
- Parking Concepts, Inc. (PCI), Los Angeles CA
- SP+, Los Angeles CA

PCAM was deemed non-responsive for an incomplete proposal and was not evaluated. Modern Parking, Inc. currently operates and manages the Marengo, Los Robles, Paseo

Subterranean, Holly, and Del Mar Garages under a contract with the City. Parking Concepts, Inc. currently operates and manages the Schoolhouse, De Lacey, and Marriott City-owned garages under a contract with the Old Pasadena Management District.

In the interest of ensuring impartiality in the selection process, the proposals were reviewed and evaluated by a committee made up of staff representatives from peer agencies. Both of the current operators, who both proposed on this RFP, have worked in their current capacities in Pasadena for many years. During previous RFP processes for parking garage operation, concerns were raised regarding City staffs' ability to remain neutral in the process given the long history with these operators. Consequently an all-outside panel was used reduce the potential for perceived bias in the selection process. The evaluation committee consisted of staff representatives from the Los Angeles County Metropolitan Transportation Authority (Metro), the City of Beverly Hills and Los Angeles County Department of Beaches and Harbors. These proposals were evaluated based on the criteria outlined in the RFP, weighted as follows:

<b>Criteria</b>	<b>Weight</b>
Management, Operation and Maintenance Program	30%
Price	10%
Proposer's Attributes/References/Experience	20%
Cash Management, Reporting, and Audit Program	30%
Local Pasadena Business Preference	5%
Small and Micro-Business Preference	5%
Total	100%

The City of Beverly Hills currently employs PCI and LA County Beaches and Harbors employs MPI. All four companies were invited to participate in an interview to determine the final rankings. City staff from the Department of Transportation participated in the interview process, but did not score the proposals.

The proposal by LAZ Parking was rated highest on the basis of the firm's comprehensive Management, Operation and Maintenance Program and Cash Management, Reporting and Audit Program. LAZ Parking was awarded the highest score by each of the evaluation committee members. Attachment A is a summary of the evaluation. Based on this, staff recommends award of the contract to LAZ Parking.

LAZ Parking has not previously been contracted with the City of Pasadena to manage a City-owned garage. However, the City has done business with LAZ Parking when LAZ Parking was contracted by The Parsons Corporation to manage the garages on The Parsons Corporation property in Pasadena. Under an agreement which expired in 2015, the City contracted for parking spaces in The Parsons Corporation garages.

**COUNCIL POLICY CONSIDERATION:**

This project is consistent with the City Council's goal to improve, maintain, and enhance public facilities and infrastructure. It also supports and promotes the quality of life and the local economy.

**ENVIRONMENTAL ANALYSIS:**

The project has been reviewed for compliance with CEQA and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The parking garage management contract will not result in any significant effect on the environment.

**FISCAL IMPACT:**

The cost of this action will be \$9,665,500 (\$3,221,833 annually) for the initial three year term, which includes a 10% contingency. This amount represents a \$47,000 annual increase over the two existing parking management contracts. Annual funding for this action will be addressed by the utilization of existing budget appropriation in Department of Transportation's (Off-Street Parking Facilities Fund 407) FY 2018 operating budget and future years' budget plan. The following table represents the contract summary:

<b>Contract Summary</b>	
Base Contract Amount (Three Years)	\$ 8,786,883
Contingency (10%)	878,617
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$ 9,665,500</b>

The following table represents a summary of the sources of funds that will be used:


<b>Funding Sources Summary</b>					
<b>Garage</b>	<b>Account</b>	<b>Year 1 (Base and 10% Contingency)</b>	<b>Year 2 (Base and 10% Contingency)</b>	<b>Year 3 (Base and 10% Contingency)</b>	<b>TOTAL THREE YEARS</b>
Holly	40724009-811400	\$ 143,943	\$ 143,943	\$ 143,943	\$ 431,829
Schoolhouse	40724523-811400	809,811	809,811	809,811	2,429,433
DeLacey	40724024-811400	511,236	511,236	511,236	1,533,708
Marriott	40724025-811400	15,848	15,848	15,848	47,544
Marengo	40724029-811400	435,637	435,637	435,637	1,306,911
Los Robles	40724030-811400	196,632	196,632	196,632	589,896
Paseo	40724031-811400	900,031	900,031	900,031	2,700,093
Del Mar	40724032-811400	208,695	208,695	208,696	626,086
<b>TOTAL</b>		<b>\$ 3,221,833</b>	<b>\$ 3,221,833</b>	<b>\$ 3,221,834</b>	<b>\$9,665,500</b>

The annual not-to-exceed contract amount for the additional two one-year terms will be based on total \$3,221,833 (base and contingency) for the first year plus changes in the Consumer Price Index for the preceding twelve (12) months. The additional second year contract will be based on the previous year's total contract amount (base and contingency) plus changes in the Consumer Price Index for the preceding twelve (12) months.

Respectfully submitted,

  
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FREDERICK C. DOCK  
Director  
Department of Transportation

Prepared by:

  
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FOR Jon Hamblen  
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Approved by:

  
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Attachments.

Attachment A - Evaluation Summary