

Agenda Report

October 23, 2017

TO: Honorable Mayor and City Council

FROM: Department of Transportation

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH LAZ PARKING FOR THE MANAGEMENT, OPERATION AND MAINTENANCE OF PASEO SUBTERRANEAN, MARENGO, LOS ROBLES, HOLLY STREET, DEL MAR STATION, SCHOOLHOUSE, DELACEY AND MARRIOTT PARKING GARAGES IN AN AMOUNT NOT TO EXCEED \$9,373,284 FOR A THREE-YEAR TERM, WITH OPTION FOR TWO ADDITIONAL ONE-YEAR TERMS

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, operation and maintenance of the Paseo Subterranean, Marengo, Los Robles, Holly Street, Del Mar Station, Schoolhouse, DeLacey and Marriott parking garages for an amount not to exceed \$9,373,284 for three years, with the option for two additional one-year terms at \$3,124,428 annually at the discretion of the City Manager. If all options are exercised, the five year total is \$15,622,140. Competitive bidding is not required pursuant to City Charter Section 1002(F) (Professional or unique services).

BACKGROUND:

On July 24, 2017 Department of Transportation staff presented a report to the City Council recommending award of a contract to LAZ Parking for the management, operation and maintenance of eight City-owned parking garages. At that time, the City Council expressed concerns about the process used to evaluate the proposals and directed staff to review the process, request additional information from the proposers and conduct a re-evaluation of the proposals using City staff. As set forth below, the

LAZ Parking proposal was ranked number one by the internal panel in that subsequent evaluation process and is the recommended proposer.

Initial evaluation process:

In the initial evaluation process, four proposals were evaluated. A fifth was received but deemed non-responsive for technical reasons unrelated to its merits. The Department of Transportation assembled a panel of three parking professionals from outside agencies -- Los Angeles County Metropolitan Transportation Authority (Metro), the City of Beverly Hills, and the Los Angeles County Department of Beaches and Harbors, to evaluate the proposals. This panel also interviewed the four responsive firms.

The rating criteria and scores of the original proposals were:

Criteria	Weight	Proposer			
		LAZ	SP+	PCI	MPI
Management, Operation & Maintenance Program	30%	26.33	24.00	24.33	24.33
Price	10%	10.00	8.20	7.60	8.70
Proposer's Attributes/References/Experience	20%	17.00	18.00	16.33	15.33
Cash Management, Reporting & Audit Program	30%	27.33	26.33	22.33	21.67
Local Pasadena Business	5%	0.00	0.00	0.00	0.00
Small & Micro-Business Preference	5%	0.00	0.00	0.00	0.00
TOTAL	100%	80.67	76.53	70.60	70.03

The City Council expressed specific concerns with the original evaluation process which included:

- The percentage distributions of the evaluation criteria (Why price was so low and cash management so high?);
- The evaluation panel's lack of knowledge of Pasadena's parking garage use and configuration (i.e. familiarity with mixed-use components);
- The lack of reference checks; and
- The degree to which current or prior litigation or criminal actions were considered.

The City Council directed staff to conduct an independent review of the original RFP, including its scoring criteria and, if necessary, request supplemental information from the proposers.

Subsequent Evaluation Process:

In response to City Council's direction, the City Manager appointed four staff members to conduct a "re-review" of the proposals. This panel was specifically charged to:

- Determine whether the weights of the evaluation criteria needed adjustment;

- Determine if proposers needed to submit additional information regarding current or past litigation;
- Undertake a fresh evaluation process; and
- Return to the City Council with a recommendation for award based on the new information submitted.

The internal panel of evaluators consisted of: Erika Estrada, Purchasing Administrator, Finance Department; Jon Hamblen, Parking Manager, Transportation Department; Brenda Harvey-Williams, Finance and Management Services Administrator, Public Works Department (serving as Chair); and Nicholas G. Rodriguez, Assistant City Manager, City Manager's Office.

The internal panel reviewed the original proposal and evaluation criteria and also City Council action, including minutes, to ensure that all concerns were understood by the panel. The internal panel reviewed correspondence from the proposer that had been eliminated from the initial selection, and determined to waive the earlier technical defect and allow them to participate in the subsequent evaluation process.

After deliberation, the internal panel determined to modify the percentage weights of the evaluation criteria to provide a different distribution of the weights, as discussed by City Council. As a result, the internal panel increased the weight of *Price* (from ten to 20 percent) and lowered the weights of *Management, Operation & Maintenance Program* and *Cash Management, Reporting & Audit Program* (both were reduced from 30 percent to 25 percent). The internal panel also modified the proposal's "Award of Contract" language to indicate that the City Council, if it deems appropriate, may award portions of the contract to multiple proposers.

Next, the panel issued an addendum to the RFP which informed proposers of the revised evaluation criteria weighting, potential of award to more than one proposer, and required the proposers to submit information summarizing all pending or threatened litigation where the firm or its owners are a party. This included disclosing whether the company or any owners, officers, trustees, board members, subcontractors, agents or partners have been sued for, charged with, convicted of, or had a judgment entered against them for any criminal offense (including financial and fraud related offenses), or any civil causes of action, excluding driving offenses.

On September 14, 2017 five modified proposals were received and evaluated. The scores of each member of the internal panel were arrived at individually and then combined onto a spread sheet which produced an overall score for each proposer, as set forth below. The individual scores were not changed nor adjusted at any point in time, with each member of the internal panel approving the overall result.

Criteria	Weight	Proposer				
		LAZ	PCI	MPI	SP+	PCAM
Management, Operation & Maintenance Program	25%	23.75	20.00	19.50	18.25	15.25
Price	20%	19.80	20.00	18.80	16.20	13.20
Proposer's Attributes/References/Experience	20%	18.25	18.00	16.25	16.50	15.00
Cash Management, Reporting & Audit Program	25%	23.25	18.50	18.75	20.50	14.75
Local Pasadena Business	5%	0.00	0.00	0.00	0.00	0.00
Small & Micro-Business Preference	5%	0.00	0.00	0.00	0.00	0.00
TOTAL	100%	85.05	76.50	73.30	71.45	58.20

LAZ Parking is the recommended proposer:

It was the consensus of the internal panel that while there were differences in approach and capacity, all of the proposers were responsible providers of parking services and could handle the day-to-day business of the parking garages. In that context, it is important to point out that LAZ Parking distinguished itself above all of the other proposers by providing specific recommendations for improvements to parking operation in each of the eight garages. These included suggestions under the rubric of “wayfinding” as well as functional design and signage. LAZ Parking discussed strategic approaches to improving the parking experience for the public and demonstrated a well-developed understanding of Pasadena’s parking garages and their role in the City’s economic development and vitality. The LAZ Parking proposal ranked number one in the initial evaluation process as well in the subsequent evaluation process.

LAZ Parking scored the highest with a score of 85.05 and staff recommends award of the contract to LAZ Parking. LAZ Parking operates over 2,600 locations in 344 cities in 26 states and employs approximately 11,000 people. Further, with respect to the issue raised at City Council, the internal review panel was satisfied with the additional information and explanations that LAZ provided concerning past and potential litigation in general and the specific details which it provided concerning its contract with the Massachusetts Bay Transportation Authority (MBTA). On July 31, 2017 LAZ and MBTA announced they entered a settlement to resolve their pending disputes, without any admission of liability by LAZ. The internal review panel believes that this matter would not support a determination that LAZ is not a responsible proposer, and each member of the panel gave it the weight they felt appropriate in the scoring. All but one of the proposers reported litigation histories. The internal review panel considered all of them, and there was no litigation history that would result in disqualification of any proposer.

Staff checked LAZ Parking’s references and overall the references reported that LAZ Parking’s performance is solid. The references indicated LAZ Parking provided suggestions for and process improvements on a regular basis. The company adapted to their clients’ revenue collection strategies and maximized revenue collection. The references attested that LAZ Parking is an employee-centric company which provides incomparable training of their staff. Line staff, supervisors and Regional Vice Presidents are all responsive, open to communication, and provide prompt customer

service. If issues arise, they are handled in an effective and expeditious manner. LAZ Parking also provides technical assistance and guidance on innovations. Further, LAZ Parking provides all required reports and complies with audits. The company utilizes their pool of resources effectively to ensure proper coverage at parking sites. Overall, the company provided unique management, operation, maintenance and janitorial services in a responsive manner.

Staff did consider and allow for the possibility of awarding the contract to more than one proposer. Because of the strength of LAZ Parking's proposal and reference checks, staff recommends the contract be awarded solely to LAZ Parking.

COUNCIL POLICY CONSIDERATION:

This project is consistent with the City Council's goals to improve, maintain and enhance public facilities and infrastructure and 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 \$9,373,284 (\$3,124,428 annually) for the initial three year term, which includes a ten percent contingency. With the additional two year options, the cost totals \$15,622,140 for five years, including the ten percent contingency. Annual funding for this action will be addressed by the utilization of existing budget appropriations in the Department of Transportation's Off-Street Parking Facilities Fund (number 407). The following table represents the contract summary:

Contract Summary	
Base Contract Amount (3 years)	\$8,521,167
Optional Year 1	\$2,840,389
Optional Year 2	\$2,840,389
Contingency (10%)	\$1,420,195
TOTAL CONTRACT AMOUNT	\$15,622,140

The annual not-to-exceed contract amount for the additional two, one-year terms will be based on \$3,124,428 plus changes in CPI for the preceding 12 months. The additional second year contract amount will be based on the previous year's total contract amount plus changes in CIP for the preceding 12 months.

Respectfully submitted,

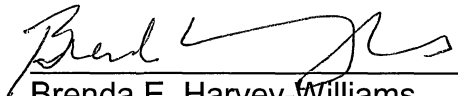


FREDERICK C. DOCK

Director

Department of Transportation

Prepared by:



Brenda E. Harvey-Williams
Finance and Management Services
Administrator
Department of Public Works

Approved by:



STEVE MERMELL
City Manager