

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH
PARKING CONCEPTS INC FOR THE MANAGEMENT,
OPERATION AND MAINTENANCE OF THE PASEO
SUBTERRANEAN, MARENGO, LOS ROBLES, HOLLY
STREET, DEL MAR STATION, SCHOOLHOUSE, DELACEY,
MARRIOTT AND PLAZA LAS FUENTES PARKING GARAGES
IN AN AMOUNT NOT TO EXCEED \$9,028,819 FOR THE
INITIAL THREE-YEAR TERM**

City Council

November 1, 2021



Item 10



Recommendation

Department of Transportation

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 Parking Concepts Inc. for the management of the Paseo Subterranean, Marengo, Los Robles, Holly Street, Del Mar Station, Schoolhouse, DeLacey, Marriott and Plaza Las Fuentes parking garages for an amount not to exceed \$9,028,819 for three-years, with the option for two additional one-year terms at the discretion of the City Manager.



Background

Department of Transportation

- The City owns nine parking garages in the Civic Center and Old Pasadena areas
 - > The three Old Pasadena garages (Schoolhouse, DeLacey and Marriott) are operated by Parking Concepts, Inc.
 - > Five of the six Civic Center garages (Holly, Paseo Subterranean, Los Robles, Marengo and Del Mar) are operated by Modern Parking, Inc.
 - > The sixth Civic Center garage (Plaza Las Fuentes) is operated by ABM, under a contract with Downtown Properties on behalf of the City.
 - There is a pending agreement with Downtown Properties to turn operations over to the City on February 1, 2022 to coincide with the start of this contract.



Audit Recommendations: Garage Operations

Department of Transportation

- In 2013 the City contracted Lance, Soll and Lunghard, Certified Public Accountants, (LSL) to conduct and audit of the City's parking operations.
- On October 20, 2014, the LSL audit recommendations were presented to the Audit/Finance Committee. Among the recommendations were:
 - > The City directly oversee garage revenue functions, both transient and monthly, to prevent any revenue loss. Limiting the number of parties with access to revenues significantly reduces the risk in garage operations.
 - > Standardizing the contracts for parking garage operators in order to have a uniform approach to operations and to have all operators bound by the same terms and conditions. This provides for a universal approach to operation and management.



Audit Recommendations: Garage Operations

Department of Transportation

- In 2019 the City contracted with TAP International, Inc. to perform an audit on all nine of the City's garages and their respective Operators.
- The audit objectives were to assess compliance to City's contractual requirements by each of the City's three parking garage vendors, evaluate the strength of each parking garage vendor's parking revenue management controls, and to evaluate their effectiveness in overall management and administration of the City operated garages.
 - > Establish a comprehensive parking garage program that includes development of long-term strategies, program goals and objectives, performance benchmarks, processes for routine contract management and administration, and performance monitoring, keeping apprised of current parking technologies, and dedicating staff to perform day-to-day administration.



Single Garage Operator

Department of Transportation

- The proposed contract brings operations of nine garages under one vendor with direct City oversight on revenue.
- This was previously brought to City Council in 2015 and again twice in 2017 with the Council choosing to defer any action at the time.
- Benefits of the proposed contract include:
 - > Tighter controls over the garage revenues
 - > Cost savings due to economies of scale under one operator
 - > Improved risk management
 - > Establishing a citywide standard for parking operations



Request for Proposals

Department of Transportation

- On June 11, 2021, the Department of Transportation released a Request for Proposals (RFP) to solicit proposals for parking garage management, operation and maintenance services at the nine City-owned garages
- On August 09, 2021, the following six companies submitted their proposals:
 - AAA Parking, Inc. (AAA), Los Angeles CA
 - Everpark, Los Angeles, CA
 - LAZ Parking (LAZ), Los Angeles CA
 - Modern Parking, Inc. (MPI), Los Angeles CA
 - Parking Concepts, Inc. (PCI), Los Angeles CA
 - SP+, Los Angeles CA



Request for Proposals Scoring Criteria

Department of Transportation

Criteria	Weight
<u>Management, Operation and Maintenance Program</u> Points are assigned based on Proposer's management services, personnel, operational plan, maintenance and repair program, and other management operation and maintenance services suggested and offered. A comprehensive understanding of the project must be demonstrated.	30%
<u>Price</u> The Company with the lowest submitted management fee was awarded the full 30 points and each subsequent proposer was awarded points accordingly based on the City's formula.	30%
<u>Proposer's Attributes/References/Experience</u> Proposer's background, overall experience, experience with PARCS (with a focus on TIBA and PARIS experience) The incumbent operators were also rated on the City's experience while operating their respective portfolio's.	15%
<u>Cash Management, Reporting, and Audit Program</u> Measures controls and methodology in place to manage and track revenues, expenses and to prevent fraud.	15%
<u>Local Pasadena Business Preference</u> Holding a Pasadena Business License with a Pasadena Local Business Address	5%
<u>Small and Micro-Business Preference</u> Small - A business with 100 or fewer employees; an average annual gross receipts of \$15 million or less, over the last three tax years Micro - an average annual gross receipts of less than \$5 million	5%
Total	100%



Proposal Evaluation

Department of Transportation

- The panel included five evaluators
 - > Two staff members from the Pasadena DOT
 - > One municipal parking professional from the City of Long Beach
 - > One municipal parking professional from the City of Santa Ana
 - > One representative from the Old Pasadena Management District

<u>FINAL RANKINGS</u>	
Company	Score
PARKING CONCEPTS, INC	58.77
LAZ PARKING	55.71
SP PLUS PARKING	53.00
MODERN PARKING, INC	51.40
EVERPARK	48.75
AAA PARKING, INC	48.48



Recommended Garage Operator

Department of Transportation

- The proposal by Parking Concepts, Inc. was rated highest on the basis of their comprehensive Management, Operation and Maintenance Program and Cash Management, Reporting and Audit Program.
- Experience managing existing portfolio
 - > Has maintained consistently positive customer service feedback.
 - > Was 96% compliant with Performance Requirements during a 2019 TAP Audit commissioned by the City which includes cash handling.
 - > Consistently submits on-time and accurate Invoices with proper back-up.
 - > Actively worked with the City to cut their corporate costs to mitigate the negative affects of the pandemic.
- On this basis, staff recommends award of the contract to Parking Concepts, Inc. beginning February 1, 2022.

PASADENA



Parking Garage Fund (Fund 407)

Department of Transportation

- Parking staff worked with our operators and OPMD to reduce expenses as early as March 2020.
 - > Reduction in staffing levels and maintenance and custodial efforts.
- In spite of these efforts, the fund does not currently have the capacity to address recommended repairs and maintenance.
- The fund will not be self-sustaining if operational expenses are not aggressively addressed.
- Staff has developed recommendations to address revenues, but those recommendations alone will not be enough to ensure all funding obligations are met and that the garages can be operated in a first-class manner.



Parking Garage Fund (Fund 407)

Department of Transportation

- The recommended contract will reduce operational expenses by over \$2,000,000 per year when compared to the three existing contracts.
 - > Cost reductions come from reduced overhead and increased operational efficiencies.
- Awarding the contract to a single operator will help manage operating costs and help restore the long-term health of Fund 407



Fiscal Impact

Department of Transportation

- The contract amount for the initial three-year term is **\$9,028,819**
 - > This amount represents a decrease of approximately \$2,000,000 in annual savings compared to the three existing 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 2022 operating budget and future years' budget

Contract Summary	
Base Contract Amount (Three Years)	\$ 8,208,017
Contingency (10%)	\$820,802
TOTAL CONTRACT AMOUNT	\$ 9,028,819



Fiscal Impact

Department of Transportation

Funding Sources Summary					
Garage	Account	Year 1 (Base and 10% Contingency)	Year 2 (Base and 10% Contingency)	Year 3 (Base and 10% Contingency)	TOTAL THREE YEARS
Holly	40724009-811400	\$150,480	\$150,480	\$150,480	\$451,441
Schoolhouse	40724523-811400	\$601,921	\$601,921	\$601,921	\$1,805,764
DeLacey	40724024-811400	\$541,729	\$541,729	\$541,729	\$1,625,187
Marriott	40724025-811400	\$150,480	\$150,480	\$150,480	\$451,441
Marengo	40724029-811400	\$300,961	\$300,961	\$300,961	\$902,882
Los Robles	40724030-811400	\$150,480	\$150,480	\$150,480	\$451,441
Paseo	40724031-811400	\$662,113	\$662,113	\$662,113	\$1,986,340
Del Mar	40724032-811400	\$150,480	\$150,480	\$150,480	\$451,441
Plaza Las Fuentes	40724012-811400	\$300,961	\$300,961	\$300,961	\$902,882
TOTAL		\$3,009,606	\$3,009,606	\$3,009,606	\$9,028,819



Fiscal Impact

Department of Transportation

- The annual not-to-exceed contract amount for the additional two one-year terms will be based on total \$3,009,606 (base and contingency) for the first year plus changes in the Consumer Price Index for the preceding twelve (12) months as well as any corresponding increases in the City, State or Federal minimum wage. The additional second year of the 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 as well as any corresponding increases in the City, State or Federal minimum wage.



Department of Transportation

ONE OPERATOR RFP SUPPLEMENTAL SLIDES





Customer Service Survey

Department of Transportation

- The City Conducted a Customer Service Survey for PCI and MPI that covered the eight City garages under our direct oversight.
- The survey was emailed to all current and recently cancelled (within 3 months) monthly parking clients.
- The survey focused on the interactions with the parking operators but also left a field for free responses where customers could leave specific feedback about any item.

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Customer Service Survey

Department of Transportation

Old Pasadena (PCI) Results

1. How long have you utilized our garages for monthly parking?

[More Details](#)

Less than 1 Year	10
1-3 years	5
Greater than 3 years	23



Paseo (MPI) Results

1. How long have you utilized our garages for monthly parking?

[More Details](#)

Less than 1 Year	11
1-3 Years	17
Greater than 3 years	22



2. Please rate your overall customer service experience if you have used the intercom system to speak with a Customer Service Representative.

[More Details](#)

31

Responses

7.65

Average Number

2. Please rate your overall customer service experience if you have used the intercom system to speak with a Customer Service Representative.

[More Details](#)

46

Responses

5.39

Average Number

3. Please rate your overall customer service experience if you have called the Parking Office for assistance with your monthly account.

[More Details](#)

38

Responses

8.63

Average Number

3. Please rate your overall customer service experience if you have called the Parking Office for assistance with your monthly account.

[More Details](#)

41

Responses

5.37

Average Number

4. Please rate your overall customer service experience if you have interacted with the Garage Management.

[More Details](#)

36

Responses

8.22

Average Number

4. Please rate your overall customer service experience if you have interacted with the Garage Management.

[More Details](#)

42

Responses

5.38

Average Number



Customer Service Survey

Department of Transportation

Old Pasadena (PCI) Results Less than 1 Year

Total Responses = 10

1. Please rate your overall customer service experience if you have used the intercom system to speak with a Customer Service Representative.

8.25

2. Please rate your overall customer service experience if you have called the Parking Office for assistance with your monthly account.

8.7

3. Please rate your overall customer service experience if you have interacted with the Garage Management.

8.6

Paseo (MPI) Results Less than 1 Year

Total Responses = 11

1. Please rate your overall customer service experience if you have used the intercom system to speak with a Customer Service Representative.

4.38

2. Please rate your overall customer service experience if you have called the Parking Office for assistance with your monthly account.

4.14

3. Please rate your overall customer service experience if you have interacted with the Garage Management.

4.71

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Customer Service Survey

Department of Transportation

Parking Concepts, Inc. Staff Related Comments

- Everyone I have dealt with has been very helpful. I have been impressed
- Mercedes is wonderful, and deserves a huge pay raise!
- There is only one attendant that is occasionally rude. He is an older gentleman, but it doesn't bother me most of the time.
- Mercedes is amazing with perfect customer service. Thank you for a safe and clean place to park. Consistently for the past 20 years! Also. the attendants were perfect. Thank you
- Mercedes is always helpful!
- The staff is great!
- The manager is capable of resolving problems that come up but the tone and manner is often caustic and reluctant
- Mercedes from the Schoolhouse lot is fantastic. Very helpful, friendly and solution-oriented.
- The manager is often rude and does not communicate with customer service in mind.
- Mercedes is wonderful to work with.

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Customer Service Survey

Department of Transportation

Modern Parking, Inc. Staff Related Comments

- Please be more polite
- Not all the staff are friendly. They are not helpful when we ask questions. I am sad whenever I have concerns
- We dislike any time we have to interact with the garage staff or company. They have seriously made us want to end our lease and move to another building
- juvenile, lazy, adversarial, poorly-managed are just some of the words that come to mind. I would strongly suggest you consider another vendor for this and perhaps your other locations. haphazard, disorganized, the quality of the customer service is really what is poor.
- The Parking Office is rude and incompetent
- Extremely rude to one of my employees in the parking office
- I've had several issues recently (within the last 4 months) and every time I get in contact with anyone they are so rude and disrespectful.
- Last time talking to someone via intercom and the experience was less than comfortable. The person answered the call was rude and not ready to help.
- Interacted with them a couple of times for different matters and always very rude and unprofessional. Had to talk to the manager because one of the operators hung up on me but the manager said something like "i can hang up on my customers anytime and do not need to explain". Didn't really want to try at that point. Canceled my monthly.
- staff is not really friendly, helpful, but not friendly

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MPI Experience: Pasadena Garages

Department of Transportation

- A review of historical charges and past invoices found a number of questionable charges that MPI has submitted.
- MPI regularly submitted generic invoices which inflated the price of supplies.
- MPI submitted invoices for and placed items in budgets which were expressly forbidden in the contract with the City.
- MPI charged more than \$120,000 of corporate support to the Paseo Portfolio during the pandemic which was an increase of more than \$80,000 during previous years.
- The City has received several complaints from Paseo Stakeholders and monthly customers regarding rude and unprofessional behavior. The customer service survey only reiterated these complaints.
- MPI's current proposal included a Portfolio Director which was recently removed from the contract at the request of the City for performance issues.
- Within the last 12 months MPI has failed to follow the City's approved cash handling and depositing procedures on several occasions leading to tighter controls on the City's behalf.

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MPI Experience: Audit Findings

Department of Transportation

- A 2019 TAP Audit commissioned by the City specifically called out MPI’s operational acumen by stating:
 - “A third parking garage operation was not as successful in managing City garages stemming from a number of factors described in this report.”
 - “A third operator (MPI) had significant deficiencies with its implementation of revenue management activities.”
- In same audit MPI Scored the least compliant of all three Operators for City owned garages:

Figure 6: Compliance with Core Contract Requirements

Parking Operator	Administrator	% Compliance with Core Contract Requirements	% Compliance With City Performance Requirements
ABM	Downtown Properties	100% ^a	97% ^b
PCI	OPMD	92% ^c	96% ^d
MPI ^e	City of Pasadena	85% ^f	81% ^f



Garage Savings

Department of Transportation

<u>EXPENSES</u>	<u>1 OPERATOR</u>
Payroll Expenses	\$1,270,208
Payroll Tax Expenses	\$135,277
Workers Compensation Benefits	\$101,617
Health and Welfare	\$134,202
Vacation	\$12,702
Payroll Totals	\$1,654,006

<u>3 OPERATORS</u>
\$3,315,618
\$490,396
\$466,515
\$415,010
\$143,913
\$4,831,452

Uniforms	\$18,000
Supplies & Postage	\$12,000
Repairs / Maintenance	\$324,800
Signs	\$0
Sweeping	\$30,000
Management Fee	\$535,200
Telephone/Communications	\$42,000
Additional Contract Expenses	\$120,000
Other Expenses	\$1,082,000
10% Contingency	\$273,601
TOTAL ANNUAL OPERATING EXPENSES	\$3,009,607

\$39,480
\$106,380
\$210,690
\$49,567
\$49,592
\$185,340
\$641,049
\$5,472,501

Eliminate DT Properties Mgt Fee	\$78,000
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Total Annual Savings	\$2,540,894
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Top Three Proposals

Department of Transportation

- The City created a fixed expense budget to allow all proposals to use a baseline of “Pass Through” expenses.
- The total cost of the top three proposals:

Parking Concepts, Inc.	\$3,009,607
LAZ Parking	\$3,260,463
SP Plus Parking	\$2,964,029



All Proposal Totals

Department of Transportation

LAZ Parking	\$3,260,463
Parking Concepts, Inc.	\$3,009,607
SP Plus Parking	\$2,964,029
Everpark	\$2,671,876
AAA Parking, Inc.	\$2,656,837
Modern Parking, Inc.	\$2,569,415



Management Fees

Department of Transportation

Modern Parking, Inc.	\$135,026
AAA Parking, Inc.	\$214,500
Everpark	\$228,172
SP Plus Parking	\$493,766
Parking Concepts, Inc.	\$535,200
LAZ Parking	\$763,251