

# HAHN & HAHN LLP

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October 29, 2021

**VIA ELECTRONIC MAIL ONLY**

Mayor Victor Gordo and City Council  
Members  
City of Pasadena  
100 North Garfield Ave.  
Pasadena, CA 91101  
E-Mail: [correspondence@cityofpasadena.net](mailto:correspondence@cityofpasadena.net)

RECEIVED  
2021 OCT 29 PM 3:23  
CITY CLERK  
CITY OF PASADENA

Re: Management of City Parking Garages – Agenda Item 10

Dear Mayor Gordo and City Council Members:

We contact you on behalf of Parking Concepts, Inc., known in your materials as PCI.

PCI was formed in 1974. It is privately owned. PCI's headquarters are in Irvine, with its operations center in Los Angeles.

PCI currently has about 200 parking and transportation accounts with over 1,200 employees and around \$100 Million in revenues – big but not too large.

Its current public sector accounts include the City and County of Los Angeles, San Francisco, Beverly Hills, Norwalk, Santa Ana, and Orange County.

PCI also handles all operations at Ontario International, Dallas Love Field, and valet parking at Dallas Fort Worth International.

Since 2005, PCI has managed for the Old Pasadena Management District the Schoolhouse, DeLacey and Marriott parking structures.

We believe that PCI has done a good job for OPMD and Pasadena. PCI has worked well with Steve Mulheim and his team in addition to City staff. Each year, PCI develops with OPMD and the City an operations plan and budget. With the exception of the recent pandemic period, each year PCI has consistently been over-budget on revenues and under-budget on expenses. We encourage you to ask OPMD about the high quality of service provided by PCI.

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We are pleased that PCI has ranked first in the City's recent evaluation. From our standpoint, the City's process was quite thorough, and we believe came to the right conclusion. PCI pledges to make you proud with your choice here.

In the event staff fails to share this with the Council, we urge you to ask staff to present its information regarding its cash management audits and the customer satisfaction surveys. You will find that these reflect very well upon PCI.

Importantly, PCI is committed to supplying a well-trained workforce with employees that are paid competitive wages. PCI has had a long-standing contract with Teamsters Local 911 for its staffing, and it strives to maximize the use of full-time employees (rather than part-time workers without health benefits).

Some may question the notion of awarding this contract to just one service provider. If this RFP involved many tens of garages, we might agree with you. But it doesn't. There are only nine garages here. As a matter of economic efficiency, the City will not obtain the cost savings that it is seeking if it contracts with more than one provider. The estimated \$2 Million in City savings is a direct result of these efficiencies.

We agree with the recommendation of the Municipal Services Committee and the Staff Recommendation. We ask that the City Council authorize the City Manager to enter into a contract with PCI for the management, operation and maintenance of the nine City parking garages, as detailed in the report.

Thank you for listening.

Very truly yours,



R. Scott Jenkins  
of HAHN & HAHN LLP

RSJ:jh  
cc: Mr. Robert E. Hindle

RSJ\35654.00002\3274979.2

**Martinez, Ruben**

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**From:** Carlos Rubio < >  
**Sent:** Saturday, October 30, 2021 5:11 PM  
**To:** PublicComment-AutoResponse  
**Subject:** Item 10

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Honorable Mayor, City Council and Staff:

The purpose of this correspondence is to inform you that we have learned of the following public item/recommendation:

**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 THREE-YEAR TERM**

As you may know Teamsters Local 911 has represented employees working in these operations for many years.

We support the recommendation listed above. We asked all of the potential bidders to sign a Memorandum of Agreement (MOA) with our Union to accompany their proposals submitted to the City of Pasadena and PCI signed our MOA and has agreed to recognize the Union for all locations. Some others declined. If selected as the operator we do not foresee any labor disputes with PCI.

Providing a trained and professional workforce to best service your constituents and visitors is our priority.

If you have any questions please feel free to contact me at \_\_\_\_\_ or \_\_\_\_\_

Respectfully,

Carlos I. Rubio  
Vice President  
Senior Business Representative  
California Teamsters Local 911  
Public, Professional & Medical Employees Union

Bellflower, CA 90706

T: \_\_\_\_\_  
F: \_\_\_\_\_  
E: \_\_\_\_\_

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**Martinez, Ruben**

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**From:** Gary Pitts <...>  
**Sent:** Monday, November 01, 2021 3:29 PM  
**To:** PublicComment-AutoResponse  
**Cc:** 'Gary Pitts'; mrubio  
**Subject:** November 1st - Council Meeting  
**Attachments:** Correspondence to City Council 11-01-21 Meeting.via email.pdf

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Dear Correspondence Coordinator,

This letter is being submitted in reference to agenda item number 10 for today's City Council Meeting. Please acknowledge receipt and distribution.

Thank you for your assistance!

Best,

Gary Pitts



Gary Pitts | President  
Modern Parking, Inc. | Los Angeles, CA 90017

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MODERN PARKING, INC.

November 1, 2021

The Honorable Victor Gordo, Mayor  
City Council Members  
The City of Pasadena

RE: Item #10 11/01/21 City Council Meeting Agenda  
Via email to [correspondence@cityofpasadena.net](mailto:correspondence@cityofpasadena.net)

Dear Mayor Gordo and Councilmembers:

We wish to call attention to the apparent fact that the City of Pasadena Department of Transportation staff has conducted a RFP process for the nine City-owned garages which is questionable, flawed, and compromised.

- The RFP suggested budget by the DOT defined the reimbursable aspects of the pass-through reimbursable cost, while the fixed cost Management Fee/Price Proposal carried all other items that are excluded from the reimbursable cost allowance, including higher rates for employee burden that are capped. This essentially provides for a hybrid reimbursable/reversible lease agreement.
- Some of the cost items the City is willing to pay through the reimbursable, like Union Health Insurance as an example, are artificially set low requiring the bidders to forecast and speculate how much the additional cost represents, not covered by reimbursable, and fits into the Management Fee/Price Proposal.
- The City of Pasadena's RFP listed four expense items that needed to be covered under the fixed fee Management Fee/Price Proposal and requested a single lump sum cost. It further stated that the Management Fee would be fixed even though budget pass-through reimbursable costs will rise and fall, resulting in the Management Fee/Price Proposal effectively a reversible lease agreement.
- Page 7 of the questions and answers for the RFP indicated in the first listed response that Operators were free to place whatever items in the Management Fee/Price Proposal that they decided appropriate in addition to the four suggested items that were not reimbursable. The answers stated multiple times there was no requirement to list or itemize any of these cost projections for City review and that they were also not requesting the information.
- On September 9<sup>th</sup>, Management Analyst IV, Will MacDonald sent MPI an email, which we don't know but assume also went to all other bidders, breaking the RFP protocol by then requiring a response to list the itemized costs comprising our Management Fee/Price Proposal in direct conflict to the listed language in the RFP and addendum.
- MPI did not agree to release the itemization our Management Fee/Price Proposal based on the integrity and privacy of maintaining the RFP protocol and pricing options; however, if other operators responded to the request and provided Management Fee/Price Proposal data and materials for review by the proposal Rating Committee, then the disclosure process breaks the intended rating and review system not only for this rating category, but for the overall proposal

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process in general by essentially allowing data and material previously excluded in the RFP to then be solicited and included post-RFP submission, influencing the process of determining general ratings of each of the other categories under review. This would be objectionable, if our assumptions are correct.

- The Rating Committee would not have been able to compare Management Fee/Price Proposals as its composition was not consistent between responders since City Staff had declined to provide any information other than four items and the rest was completely subjective. Of course, the Rating Committee were left with numbers that were incomparable. It is an abject failure of the bid process to ask for the composition of the Management Fee post-submission after stating multiple times that the composition was not needed. Any operator could have made changes to the composition of the management fee based on information obtained after submission, which compromises the bid process.
- The City of Pasadena used Planet Bids (an online bid management system) for the publication and submission of this RFP. At the close of the bidding process (August 9, 2021), Planet Bids published the management fees proposed by each bidder. (<https://pbsystem.planetbids.com/portal/14770/bo/bo-detail/83106#bidResults>) On August 31, 2021 a revised list of management fees was sent out. In the original list, both Everpark and Parking Concepts submitted a bid amount of \$0. In the revised list, both Everpark and Parking Concepts had management fees of \$228,172 and \$535,200 respectively. No explanation was provided for the alterations.
- In the original list, AAA Parking, LAZ Parking and SP Plus submitted a management fee which in the revised list was lower, and therefore more favorable. All of this information was published, which again leaves doubt in the process as numbers change without explanation or the process for bidding may not have been followed by bidders due to the lack of portal instruction, all of which point to changes in the actual RFP process being so dramatically different from all previously designed RFP roll-outs from the City.

In addition to the flawed RFP process, the presentation of cost savings to the City as a result of combining all garages under one operator is highly misleading:

- The Department of Transportation is claiming annual expense savings of \$2,000,000 based on merging all nine parking garages to a single operator. We understand that this is based on comparing future operating expense projections listed in the agenda report to the 2019 actual expenses.
- Our review of 2019 operations for the five garages under our management indicates that during this specific period of comparison, the PARCS system was non-operable creating higher labor demands than normal conditions and that not only were all cashier booths in operation, but there were also multiple access points where additional line employees were required for issuing tickets at entry due to the parking access system failure, thus inflating the expense actuals for the year due to the higher labor requirements.
- With the procurement and implementation of the TIBA system in the spring of 2020, the additional labor requirements to support the 2019 calendar years' failed PARCS system were no longer needed as well as the cashiers at all of the sites whose positions were eliminated; therefore, over \$2 million in annual expense savings from 2019 have already currently been realized in 2021 despite the pandemic and should not be part of a future savings calculation forecast for 2022 based on combined operations projections.

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City of Pasadena Projections for 5 Garages			
		2022-2024	Actual Expenses
	2019 Expense Actuals	Annual Projection by City	Oct 2020 through Sept 2021
Holly	\$ 61,225	\$ 150,480	\$ 46,866
Marengo	\$ 724,707	\$ 300,961	\$ 202,609
Los Robles	\$ 365,919	\$ 150,480	\$ 137,750
Paseo	\$ 1,955,313	\$ 662,113	\$ 676,012
Del Mar	\$ 235,241	\$ 150,480	\$ 118,026
	\$ 3,342,405	\$ 1,414,514	\$ 1,181,263
<b>Annual difference already realized for 5 garages:</b>			<b>\$ 2,161,142</b>

- Based on the matrix, the current October 2020 through September 2021 expenses for the five garages under our management total \$1,181,263 for the period. As demonstrated, the line labor of cashiers and access lane attendant positions have been eliminated due to the TIBA equipment and are no longer represented in the expenses. Compared to the future projections listed in the Agenda Report of \$1,414,514 you can see the current 2020-2021 expenses are under the future projection for cost by \$233,251, the difference between 2019 and current expenses is \$2,161,142, therefore showing that the savings have already been realized.
- City Staff should have been comparing post-TIBA installation expenses at these facilities versus the projected expenses instead of combining TIBA savings with potential savings based on combined operations under one operator. Although there could be some future savings based on some synergy from combining administrative functions, it does not appear to be nearly as substantial as indicated since major portions of past labor expenses have previously been eliminated.

We understand that D.O.T. developed the survey process and choose the limited questions that were presented to various monthly permit customers. Based on the various responses and resulting low scoring we have the following observations.

- The survey was out of the scope of the RFP and introduced two days after the submission of the proposals. Using the non-transparently conducted customer survey as a rating tool without having provided Modern Parking any means of response prior to such use is not a valid means for rating MPI's submission. This is another example of the flawed manner in which the proposals were evaluated.
- The Paseo garages service a much higher volume of monthly parkers than Old Pasadena, and in addition, Modern Parking was the only one of the three operators that was forced to manage the garages, during the 2018-2019-early 2020 period, in a manual mode based on the failed access system, which two considerations alone may not provide a true survey comparison for the means of operation, or a level playing field in rating proposers.
- Paseo customers did not like the lengthy period of time the non-operating access system remained unaddressed, including Paseo Ownership, and constantly complained about inappropriate and

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delayed access conditions, even for the need to use the intercoms, and lack of resolve to address the overall malfunctioning concerns over the years.

- Frustrated customers could not identify the difference between ownership of the City of Pasadena garages and Modern Parking as the service provider, subsequently blaming MPI management staff and front-line workers at the booths and intercom for the aged and increasingly non-functional system over a period of years. This is clearly reflected in the survey as well.
- The survey requested the customers to provide a length of time having parked in the facility of either between 1 and 3 years or over 3 years. The distinction in time would appear to somehow capture the difference between the time periods and the introduction of TIBA upgrade in service potential. However, this would seem to be of little consequence for the Paseo Garages since the aged access system had limited to non-functioning operation during that entire period and was not replaced until May 2020.
- Customer 28 with a medium score of “average” indicated that the parking staff were properly and professionally resolving issues such as bad gates, and cards and they have had no issues for a year, which happens to coincide with the replacement of the failed system. We believe the score would definitely have been higher without the aged system and customer fatigue.
- 9 of the scores were not fully graded.
- 16 of the scores directly related to either access or processing problems with the system or homeless/security issues, which was not a rated survey question or concern in the survey, but does indicate concerning comments from frustrated customers.
- In 2017 RFP/Proposal process MPI scored 24.33 out of 30 in Management, Operation and Maintenance 15.33 out of 20 in Proposers Attributes/References/Experience and 21.67 out of 30 in Cash Management, Reporting and Audit Program. MPI totaled 70.03 compared to 70.60 for Parking Concepts. The ratings process in 2017 showed Modern Parking to be properly performing and we continue to remain performing at similar levels in 2021. We believe we should not have been rated at the extremely low levels now indicated.

The customer survey presented and conducted by DOT was completely out of the scope and official boundaries of the RFP's presented intent. In addition, comparisons between each proposer and the criteria for rating must be directed to each proposer's material and data provided at the conclusion of the bidding process presented to Plant Bids. In addition, based on the number of anomalies in the RFP process, and notable differences in variations in the RFP application that an official review of the overall ratings system and the general integrity of the RFP take place prior to an approval process moving forward.

Thank you very much for your consideration.

Best Regards,



Gary Pitts  
President

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