



# Agenda Report

November 1, 2021

**TO:** Honorable Mayor and City Council

**THROUGH:** Municipal Services Committee (10/26/2021)

**FROM:** Department of Transportation

**SUBJECT: 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**

## **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 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 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.

## **EXECUTIVE SUMMARY:**

The City currently owns and controls nine parking garages, which are currently operated by three separated contracted vendors. In order to comply with prior audit findings, and to save the parking garage fund (Fund 407) approximately \$2,000,000 in annual expenses, Department of Transportation staff is recommending that the City contract with a single garage operator to reduce operating expenses and increase operational efficiencies.

After a competitive selection process, staff is recommending that the City enter into a contract with Parking Concepts, Inc. for the management of all City garages. Parking

Concepts, Inc. was the highest rated firm, and is currently the incumbent in the Old Pasadena garage system.

**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.

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 this 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.

In 2018, the City's Internal Auditor contracted with the auditing firm of TAP International (TAP) to complete a review of operations and the nine City owned parking garages. On October 29, 2019, the TAP audit recommendations were presented to the Audit/Finance Committee. The audit recommended that the City 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. The report also tasked DOT with developing a long-term revenue enhancement plan in order to ensure the financial health of the City's parking program.

Today's recommendation aligns with the recommendations provided in the 2013 and 2018 audit recommendations and reflects industry best practices. Furthermore, staff has determined that having one garage operator would save the City over \$2,000,000 annually.

## Solicitation and Vendor Selection

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 (Paseo Subterranean, Marengo, Los Robles, Holly Street, Del Mar Station, Schoolhouse, DeLacey, Marriott and Plaza las Fuentes 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 February 1, 2022.

The RFP was posted on Planet Bids and representatives from twelve companies attended the voluntary virtual pre-proposal meeting held on June 29, 2021. On August 9, 2021, six companies submitted their proposals:

- AAA Parking, Los Angeles
- Everpark, Inc. 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

During the two previous RFP processes for parking garage operations, concerns were raised regarding an all-City staff evaluation panel. Concerns were subsequently raised during the second process when the City used an all external evaluation panel. In order to ensure a fair process and to address concerns previously raised by City Council, the current panel consisted of two staff members from the Pasadena Department of Transportation, one municipal parking professional from the City of Long Beach, one municipal parking professional from the City of Santa Ana and one representative from the Old Pasadena Management District.

The proposals were evaluated based on the criteria outlined in the RFP, weighted as follows:

<b>Criteria</b>	<b>Weight</b>
Proposer's Attributes/References/Experience	30%
Price	30%
Management, Operation and Maintenance Program	15%
Cash Management, Reporting, and Audit Program	15%
Local Pasadena Business Preference	5%
Small and Micro-Business Preference	5%
<b>Total</b>	<b>100%</b>

The proposal by Parking Concepts, Inc. was rated highest on the basis of the firm's comprehensive Management, Operation and Maintenance Program and Cash Management, Reporting and Audit Program. Parking Concepts, Inc. was awarded the highest score by each of the evaluation committee members. Attachment A is a summary

of the evaluation scores. Based on this, staff recommends award of the contract to Parking Concepts, Inc.

Parking Concepts, Inc. is currently contracted by the City to Operate the Old Pasadena Portfolio of the City-owned garages. They have operated these garages successfully for the last 18 years for the City of Pasadena and have an excellent track record.

#### Garage Parking Fund (Fund 407)

As outlined under a separate agenda report, Fund 407 has funding obligations of \$12,150,427 to address needed repairs throughout the garage portfolio over the course of the next 10 years, with \$9,469,170 of those repairs being recommended for completion by the end of FY2024. The financial impact of COVID has been catastrophic and depleted the reserves of Fund 407 down to \$429,186 to end FY 21. This is more than a 90% drop from the pre COVID reserve level of over \$5,000,000. At the lowest occupancy during the height of the pandemic, transient parking revenues were approximately 75% below pre-COVID levels. While these trends are slowly improving and parking behaviors are starting to return to normal, transient parking revenues are still 20% below pre pandemic levels. To date, Fund 407 is down approximately \$14,000,000 in revenues in the off-street parking fund in comparison to pre-pandemic levels, with that amount continuing to grow as the fund continues to recover from the pandemic's effects and address much needed capital garage repairs. Parking staff has continuously worked with our garage operators and OPMD to reduce expenses starting as early as March of 2020, cutting staffing levels and cutting back on maintenance and custodial efforts due to the reduced parking demand. In spite of all of these efforts, the fund does not currently have the financial capacity to address the recommended repairs and maintenance, and will not recover nor be self-sustaining if operating costs are not addressed more aggressively. Staff has prepared recommendations as presented under a separate agenda item designed to increase revenues to help provide funding for the needed repairs and for more stability to Fund 407. However, those revenue adjustments alone will not be enough to fund the necessary repairs, to meet the obligations to operate the garages in a first class manner and to ensure the long-term financial health of the City's parking program.

The recommendation to award the garage operator contract to a single operator will reduce expenses and contribute to the financial solvency of Fund 407. The recommended contract award will reduce expenses by over \$2,000,000 per year when compared to the three existing parking management contracts. The cost reductions would come mainly from reduced overhead and operational efficiencies. Currently, there are three portfolio managers at the three different garage systems. This type of division is incredibly inefficient as numerous positions are redundant including managers, supervisors, maintenance staff, and intercom clerks. Combining all the garages under one operator will allow for a more efficient staffing plan that not only saves labor costs but also provides a more consistent positive customer service experience to the garage system patrons. Awarding the garage operating contract to a single contractor is key to managing operating costs and restoring the long-term health of Fund 407.

**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:**

This contract will be funded by the Parking Garage Fund (Fund 407). The cost of this action will be \$9,028,819 (\$3,009,606 annually) for the initial three year term, which includes a 10% 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 407) FY 2022 operating budget and future years' budget . The following table represents the contract summary:

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

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

<b>Funding Sources Summary</b>					
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
<b>TOTAL</b>		<b>\$3,009,606</b>	<b>\$3,009,606</b>	<b>\$3,009,606</b>	<b>\$9,028,819</b>

The annual not-to-exceed contract amount for the additional two one-year terms will be based on the total \$3,009,606 (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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Prepared by:



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Approved by:



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Attachment (1):

Attachment A - Evaluation Summary