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OAKLAND

2014 JUN 26 PM 3:31 **AGENDA REPORT**

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Brooke A. Levin
Director, OPW

SUBJECT: Montclair Village Association
Parking Facilities Contract

DATE: May 28, 2014

City Administrator
Approval

Date

6/25/14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council approve a resolution 1) authorizing the City Administrator to execute a contract with Montclair Village Association for the operation and management of Montclair Garage, located at 6235 La Salle Avenue and Scout Lot, located on 2250 Mountain Boulevard for an initial period of three years, with a two-year extension, contingent upon satisfactory evaluation of performance, at a compensation rate of up to \$17,100 (including a management fee of \$790 and up to \$16,310 in operating expenses) a month plus incentive fees of up to \$4,000 a year for a total annual contract amount of \$209,200; and, 2) amending the FY 2014-15 Budget by appropriating an additional \$18,400 to cover the increased costs of the new contract.

OUTCOME

This legislation would authorize the City Administrator to execute a new contract with the Montclair Village Association ("MVA") to operate and manage two City-owned off-street parking facilities in the Montclair commercial district, ensuring that these facilities continue to support the economic vitality of the area and the needs of visitors, commuters and residents.

BACKGROUND/LEGISLATIVE HISTORY

MVA is a merchant-based Business Improvement District made up of approximately 230 retail and service businesses located in Oakland's Montclair District. MVA's predecessor organizations, the Montclair Garage Commission and the Montclair Business Association, were instrumental in getting the Montclair garage built in 1976 and expanded in 1988.

In 2012, the Council passed Resolution No. 84144 C.M.S. finding that MVA had satisfactorily managed the Montclair garage (305 parking stalls) and Scout lot (28 parking spaces) since 1990. This legislation directed staff to negotiate a new contract with MVA to continue operating and managing these two facilities and to return to Council for final review and approval.

Item: _____
Public Works Committee
July 8, 2014

In 2013, Council passed Resolution No. 84742 C.M.S. finding that it was still in the best interests of the City to waive the formal advertising and competitive selection requirement of the purchasing ordinance, and to enter into a new contract with MVA for parking management.

In January 2014, Council passed Resolution No. 84807 C.M.S. directing staff to pay special attention in its negotiations with parking contractors to parking facility safety and security, appropriate signage, community outreach to determine needs such as hours of operation, bicycle parking and other matters.

ANALYSIS

1. Operating Budget

Following MVA's recommendation, the hours of operation of Montclair garage will be extended to 9 p.m., Monday through Saturday. Staff expects this extension to result in increased revenues sufficient to off-set the corresponding increase in personnel and operating costs. More importantly, the extension will support larger efforts to draw more visitors to the Montclair commercial district in the evening and lead parkers to use the garage at other times.

The new contract includes detailed maintenance standards and schedules covering cleaning, painting, and landscaping as well as general repair and maintenance that MVA will be responsible for. In support of these higher standards, the contract provides MVA with \$4,800 in additional spending authority annually.

In January of this year, the Council identified safety and security as high priority issues for off-street parking. Accordingly, the new contract requires MVA to maintain or, when necessary, improve lighting conditions, identify and eliminate trip hazards, provide and maintain safety equipment, and develop and maintain safety and emergency response procedures. In support of these requirements, the new contract includes up to an additional \$6,000 annually for added security. These same funds could be used if and when improvements are made connecting the Montclair parking facilities to the 24/7 Safety and Security Command Center located at City Center West Garage, thereby providing round-the-clock coverage of those facilities while further leveraging other off-street parking assets.

2. Management and Incentive Fees

The new contract follows industry best practices by establishing, on the one hand, a relatively low management fee based on the total number of parking spaces under contract at a rate of \$2.45 per parking garage stall and \$1.45 per parking lot space per month; and, on the other, incentive fees that the contractor earns only if net revenue and or customer satisfaction targets are met. The management fee for the two facilities will be \$790 per month or \$9,480 per year. This amount represents an annual savings to the City of approximately \$1,320 compared to

the management fee under MVA's existing contract of \$10,800. Compared to savings under other contracts, this amount is relatively low as MVA's management fee has remained unchanged since 1990.

Beginning one full year after the start of the contract, MVA will also be eligible for an annual net revenue incentive ranging from five percent in the first year to ten percent in the third year and beyond (see Table 1 below).

TABLE 1

Year 1	5%
Year 2	7%
Year 3	10%

For each contract year, the target will be based on Actual Net Income from the previous contract year. In the event that a target is not met for a contract year, the established Target Net Income will carry over for the next contract year without adjustments. This legislation authorizes staff to pay MVA up to \$1,000 per year for this incentive fee without returning to Council. To earn this full amount, MVA would need to exceed the target set by the City by \$20,000 in the first year, by \$14,300 in the second, and by \$10,000 in subsequent years. Assuming these targets are met in each of the first three years of the contract, MVA would earn \$3,000 in incentive fees and the City would realize a surplus of \$98,600.

Beginning six full months after the start of the contract, MVA will also be eligible semi-annually for a customer satisfaction incentive fee based on City approved surveys of daily and monthly parkers. This fee is set at \$1,000 per facility semi-annually. This legislation authorizes staff to pay MVA up to \$3,000 per year for this incentive fee.

By combining adequate resources with measured accountability, the City's new agreement with MVA should enhance the value of these facilities to the Montclair community and further efforts to create a high-performing off-street parking program.

PUBLIC OUTREACH/INTEREST

Transportation Services Division ("TSD") and MVA participated in a Montclair community meeting dealing with parking, the flexible parking concept, and the role of off-street parking facilities. Staff gauged continuing interest and general support for the City's intention to renew its contract with MVA to manage these assets in its extensive outreach efforts related to the City of Oakland Parking Partners ("COPP") contract. The discussion at these meetings indicated support for Montclair Village Association management of these assets.

COORDINATION

The Revenue Division of the Finance and Management Agency assisted in the development of this report. The report has been reviewed and approved by the Budget Office and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

1. SOURCE OF FUNDING

Gross revenues from parking operations will fund authorized management fees and incentives and reimbursable expenses for the MVA contract. The FY 2013-2015 Budget already includes \$190,800 in support of this contract in the Multipurpose Reserve Fund (1750), Parking Citation Assistance Center Org (08931), Miscellaneous Services Account (54919), and Program (IP60). This legislation would amend the FY 2014-2015 Mid-cycle Policy Budget by appropriating an additional \$18,400 in support of the new contract. Funds for this appropriation are available in Multipurpose Reserve Fund (1750) from the positive contribution to the fund balance.

2. FISCAL IMPACT

Staff expects the additional costs of the new contract to be off-set by increased revenues due to extended operating hours and increasing occupancy rates due to improved conditions in the facility and continued efforts on the part of MVA to promote the garage within the Montclair commercial district. As such, this legislation should be revenue neutral or result in a surplus to be used for future improvements.

SUSTAINABLE OPPORTUNITIES

Economic: If this legislation is not approved, then normal operations of these facilities, including parking services, cashiering, maintenance and overall management of garage and lot, will end. As a result, the City will lose revenue until such time as operations are returned to normal. Once passed, it is expected that expanded operation and incentivized management will support improved economic activity in the Montclair business district.

Environmental: Not applicable.

Social Equity: Effective operation and management of the City's off-street parking facilities provides public parking at competitive rates for visitors, residents, employees and businesses throughout the City and especially in business districts such as Montclair Village. Approval of this new contract will maintain or, more likely, enhance the use value of the Montclair parking facilities for all stakeholders.

Item: _____
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July 8, 2014

CEQA

This report is not a project under CEQA, and is therefore exempt.

For questions regarding this report, please contact Michael Ford, Transportation Services Division, at (510) 238-7670.

Respectfully submitted,

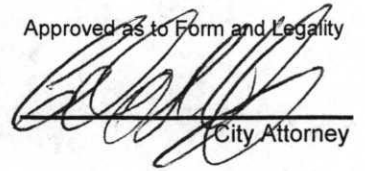


BROOKE A. LEVIN
Director, Oakland Public Works

Reviewed by:
Michael Neary, P.E., Assistant Director
Bureau of Engineering and Construction

Reviewed by:
Wladimir Wlassowsky, P. E.
Transportation Services Division Manager

Prepared by:
Michael Ford, Off-Street Parking Program Consultant
Transportation Services Division



City Attorney

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

2014 JUN 26 PM 3:11

RESOLUTION No. _____ C.M.S.

RESOLUTION 1) AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A CONTRACT WITH MONTCLAIR VILLAGE ASSOCIATION FOR THE OPERATION AND MANAGEMENT OF MONTCLAIR GARAGE, LOCATED AT 6235 LA SALLE AVENUE AND SCOUT LOT, LOCATED ON 2250 MOUNTAIN BOULEVARD FOR AN INITIAL PERIOD OF THREE YEARS, WITH A TWO-YEAR EXTENSION, CONTINGENT UPON SATISFACTORY EVALUATION OF PERFORMANCE, AT A COMPENSATION RATE OF UP TO \$17,100 (INCLUDING A MANAGEMENT FEE OF \$790 AND UP TO \$16,310 IN OPERATING EXPENSES) A MONTH PLUS INCENTIVE FEES OF UP TO \$4,000 A YEAR FOR A TOTAL ANNUAL CONTRACT AMOUNT OF \$209,200; AND, 2) AMENDING THE FY 2014-15 BUDGET BY APPROPRIATING AN ADDITIONAL \$18,400 TO COVER THE INCREASED COSTS OF THE NEW CONTRACT

WHEREAS, the Montclair Village Association (“MVA”) is a merchant-based Business Improvement District made up of approximately 230 retail and service businesses located in Oakland’s Montclair District City; and

WHEREAS, the MVA’s predecessor organizations, the Montclair Garage Commission and the Montclair Business Association, were instrumental in getting the garage built in 1976, and expanded in 1988; and

WHEREAS, the MVA has satisfactorily managed the Montclair Garage and Scout Lot, both in the Montclair neighborhood and City-owned parking facilities, since 1990; and

WHEREAS, Resolution No. 84742 C.M.S. found that it was in the best interests of the City to waive the formal advertising and competitive selection requirement of the Oakland Municipal Code, and to enter into a new contract with MVA for parking management; and

WHEREAS, the City finds that the new agreement shall not result in the loss of salary or employment by any person having permanent status in the competitive service; and

WHEREAS, the City finds that the costs of extending the hours of operation of Montclair garage to 9pm Monday through Saturday and improving the appearance, safety and security of the facility will support MVA’s efforts to increase revenues without increasing parking rates; and

WHEREAS, funds for the agreement in the amount of \$190,800 are available in the adopted FY 2014-2015 budget in the Multipurpose Reserve Fund (1750); Parking Citation Assistance Center (08931), Miscellaneous Contract Services Account (54919), Non-Project (0000000), Parking Management Program (IP60); and

WHEREAS, additional funds for the agreement in the amount of \$18,400 are available in the adopted FY 2014-2015 budget in the Multipurpose Reserve Fund (1750), Contributions to Fund Balance Account (59314); now, therefore, be it

RESOLVED, that the City Administrator is hereby authorized to finalize and execute a new contract with MVA for the operation and management of Montclair Garage and Scout Lot for an initial period of three years, with a two-year extension, contingent upon satisfactory evaluation of performance; and be it

FURTHER RESOLVED, that MVA be compensated for said parking management services at a compensation rate of up to \$17,100 a month (including a \$790 per month management fee and up to \$16,310 in garage operating expenses) in addition to incentive fees up to \$4,000 a year (including \$1,000 for net revenue incentive fees and \$3,000 for customer satisfaction incentive fees contingent on targets for either or both being met) for a total not-to-exceed annual amount of \$209,200 and a total not-to-exceed three year contract amount of \$627,600; and be it

FURTHER RESOLVED, that the Council amends the FY2014-15 Budget by appropriating an additional \$18,400 to Multipurpose Reserve Fund (1750), Parking Meter Operations (08931), Miscellaneous Contract Services Account (54919), Non-Project (0000000), Parking Management Program (IP60) to cover the incremental costs of the new contract; and be it

FURTHER RESOLVED: That the Council authorizes and directs the City Administrator to allocate total annual revenues of \$432,000 in Multipurpose Reserve Fund (1750), Transportation Services Organization (30261), Parking Fee: Off-Street Parking Account (45312) and expenses of \$209,200 to Multipurpose Reserve Fund (1750), Parking Meter Operations (08931), Miscellaneous Contract Services Account (54919), Non-Project (0000000), Parking Management Program (IP60) for Montclair garage and Scout lot; and be it

FURTHER RESOLVED That future revenue and expenditure appropriations for the outer years of the contract duration from Fiscal Year 2015-2017 and beyond shall be discussed and included during the budget process and will be contingent upon actual revenues received; and be it

FURTHER RESOLVED, that the agreement authorized hereunder is subject to City Attorney approval for form and legality and shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON-MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California