



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Fred Kelley
Director, Oakland
Department of
Transportation

SUBJECT: City of Oakland Parking Partners
Contract Extension

DATE: June 12, 2023

City Administrator Approval


Jestin Johnson (Jun 29, 2023 22:46 PDT)

Date: Jun 29, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Extend The Existing Professional Services Agreement For The Operation And Management Of Municipal Parking Facilities With City Of Oakland Parking Partners For Two Years In An Annual Not To Exceed Amount Of Four Million One Hundred Thirty-Three Thousand Thirteen Dollars (\$4,133,013.00), With An Option To Extend The Agreement On A Month To Month Basis For Up To One Additional Year; Waiving The Request For Qualifications/Proposals Competitive Selection Requirement; And Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

EXECUTIVE SUMMARY

The City of Oakland (City) entered into an agreement with City of Oakland Parking Partners (COPP) in 2014 for the operation and management of a large portfolio of City-owned public parking facilities. The full term of the agreement, including two extensions under the original authorizing resolution, expires on July 31, 2023.

Under COPP management, annual gross revenues from parking operations grew from approximately \$6.8 million in 2015 to \$10.6 million in 2019. As a result of the pandemic, revenues dropped to approximately \$4.8 million in 2022. In response, COPP and staff worked together to reduce the total cost of managing the portfolio of facilities by \$1 million or approximately 25% with minimum disruption to services.

COPP scope of services include managing the City's Parking Access Revenue Control System (PARCS), which was procured fifteen years ago. In 2020, the Oakland Department of Transportation (OakDOT) Parking and Mobility Division (PMD) initiated an "integration" program to operate the City's off-street parking and on-street parking facilities leveraging the same

payment methods, City resources, and systems. This integration will allow the City to avoid the high cost of replacing the aging PARCS and related equipment and when complete, will ultimately change the scope of services the City will need for managing its parking facilities.

Staff estimates that it will take another twelve to twenty-four months to complete the full integration of off-street and on-street systems. During that time, staff will develop and execute a new Request for Proposal (RFP) for professional services.

Staff is recommending that the City's agreement with COPP be extended to allow time for this work to be completed. Authorizing an extension also requires that City Council waive the competitive process, which staff is recommending as COPP is a California general partnership that includes CMA/Wellington, LLC, that has consistently provided excellent service, before, during and since the pandemic.

BACKGROUND/LEGISLATIVE HISTORY

In January 2014, the City Council adopted [Resolution No. 84807 C.M.S.](#) directing the City Administrator to negotiate a multi-year contract for the operation and management of City-owned parking garages with Standard Parking Corporation and its partners, CMA/Wellington, LLC, under the name City of Oakland Parking Partners (COPP), the highest scoring respondent to a competitive RFP, and return to the City Council upon conclusion of negotiations for final approval of the contract and other parking-related matters.

In May 2014, City Council adopted [Resolution No. 84993 C.M.S.](#) authorizing a contract with COPP for the operation and management of sixteen municipal parking facilities for an initial period of five years, with options to extend for an additional two-and-a-half-year term and/or on a month-to-month basis for up to eighteen months.

In November 2015, City Council adopted [Resolution No. 85888 C.M.S.](#) amending Resolution No. 84993 C.M.S., to support the effective operation and management of the City's municipal parking garages and lots by removing the monthly cap or not-to-exceed limits from the authorizing legislation.

In May 2016, City Council adopted [Resolution No. 86146 C.M.S.](#) increasing the authorized annual limit of \$600,000 for increased levels of service at COPP-managed parking facilities. In November 2016, City Council adopted [Resolution No. 86461 C.M.S.](#) authorizing an additional \$850,000 in annual contract capacity with COPP.

The City Council-approved fiscal year (FY) 2021-2023 Adopted Policy Budget included authorization for the installation of "gateless integrated parking garages" throughout all existing City garages, to streamline parking meter and enforcement systems for both on-street and off-street parking; and a \$1 million reduction of funds available for the COPP garage management service contract.

ANALYSIS AND POLICY ALTERNATIVES

City of Oakland Parking Partners, Operating and Management Parking Facilities

In 2014, the City entered into a professional services agreement with City of Oakland COPP for the operation and management of a portfolio of sixteen parking facilities, including operating the City's PARCS system. Under COPP management, annual gross revenues from parking facility operations grew from \$6.8 million in 2015 to \$10.6 Million in 2019, however revenues declined to \$4.8 million in 2022 as a result the pandemic. The full term of the agreement, including two authorized extensions, expires on July 31, 2023.

As measured by revenue and customer satisfaction surveys, COPP's performance over the first five years of the agreement was excellent. When the pandemic began, staff worked with COPP to reduce annual operating expenses by \$1 million, representing a 25% reduction in operating budget. COPP's assistance in implementing cost-saving measures, most significantly the elimination of cash transactions and working to remove the legacy PARCS and convert all garages to "gateless" operations, prevented any significant reduction in services.

The City's legacy PARCS technology, which ensures parking fees have been paid, is aging and increasingly unreliable and more expensive to maintain each year. A one-for-one replacement of the PARCS is estimated to cost between \$3 million and \$4 million. In 2020, OakDOT PMD initiated an "integration" program to combine the City's off-street and on-street parking as one system. This integration will leverage the same payment systems and enforcement resources. When complete, payment will be made using mobile parking payment apps (currently ParkMobile) and multi-space pay-by-plate kiosks (IPS), similar to on-street parking payments. Compliance will be ensured through citations issued by PMD's Parking Enforcement Unit. This will enable the City to avoid the extremely high cost of maintaining and ultimately replacing the outdated PARCS and related equipment.

Eliminating the management of the PARCS is also expected to reduce and/or alter the scope of professional services the City will require going forward. The situation represents a challenge because a large number of staff positions in PMD have been frozen due to the historic budget deficit. At the same time, it represents an opportunity to work to increase the overall capacity of the City's parking resources, grow revenues and shift expenses to extend service and secure funds for much needed deferred maintenance issues such as elevator modernization. Staff expects to use the next twelve to twenty-four months to envision new ways of managing the parking system and to issue a new RFP.

Continuity of service will be crucial during this time. COPP manages the PARCS and all other aspects of operations including facility ambassador services, maintenance and repair, security, facilities management and more. COPP parking ambassadors have been and will continue to assist customers as we transition from the traditional gated system to a gateless system using on-street payment and enforcement systems.

Staff's recommendation includes a request for City Council to authorize a cost of living adjustment to the per space management fee, consistent with the original terms of the agreement. Staff is recommending a 15% increase, which would make the per space fee for garages \$3.17 and for surface lots \$1.58.

For these reasons, staff recommend that the City Council authorize an extension of the COPP contract for two years plus a one-year option on a month-to-month basis.

Waiver of Competitive Process

Pursuant to OMC Title 2, Chapter 2, Article I, Section 2.04.051.A and Title 2, Chapter 2, Article I, Section 2.04.051.B the City Council may waive the City's RFQ/P requirement upon recommendation by the City Administrator and a finding and determination by the City Council that it is in the City's best interests to do so. Staff is requesting that City Council waive the competitive process and authorize the requested contract extension for two specific reasons: first, COPP is a California general partnership made up of SP+, a well-respected national parking operator and local business enterprise, and CMA/Wellington, LLC, made up for two small local business enterprises with decades of experience in and contributions to Oakland (CMA Asset Managers and Wellington Property; and second, COPP has consistently performed, as measured by the significant growth in revenues before the pandemic and by customer service incentives earned. The request is also made so that there will be no disruption of service in the operation and management of the City's parking facilities.

Alternative: Allow the Contract Lapse

An alternative would be to allow the COPP contract to lapse, which would likely result in a significant disruption to garage services and, consequently, a significant loss of revenue. The Citywide budget deficit has resulted in many positions being frozen in PMD, so there is currently no capacity to manage even a temporary arrangement without the professional services provided by COPP. Such a disruption to the off-street parking system of garages and lots would put at risk a complex operation currently generating \$ 4.8 million in gross parking revenue per year, with annual parking tax revenues of \$737,229 and approximately \$1 million in operating income for Fund 1750 (Multi-Purpose Reserve).

Another alternative is to authorize a longer or shorter extension to the COPP contract. Staff have worked extensively with COPP to develop the recommended terms of two years plus an optional additional year, but City Council may elect to authorize a different term.

FISCAL IMPACT

Funds in the amount of \$3.1 million are available for this agreement in Organization 35247, Account 54919, Multipurpose Reserve Fund 1750. The annual not to exceed contract capacity remains unchanged at \$4,166,013.00. In the event that additional funds become available, the

staff could authorize COPP to provide additional parking services and, especially, capital improvements and much needed deferred maintenance.

PUBLIC OUTREACH / INTEREST

The public outreach behind this recommendation began with the competitive RFP process that produced four responsive proposals and continued when staff brought the results of that process to Public Works Committee and City Council for review and direction in 2014. In response to Council direction, staff, and representatives of COPP continued public outreach efforts by sharing plans for off-street parking in Oakland and soliciting feedback and input from stakeholders including transient and monthly parkers, merchants and City departments offering parking validation, as well as business and community associations.

Pilot parking programs and increased levels of service at municipal parking facilities are the product of ongoing public outreach that occurs on a regular basis between staff and the City's contractors as well as through more formal outreach efforts related to the Downtown Oakland Parking Study, the Montclair Flexible Parking Pilot Program, the Downtown Specific Planning Process, and the federally-funded Demand-Responsive Parking and Mobility Management Initiative expected to begin this summer.

COORDINATION

This report and legislation have been reviewed by the Office of the City Attorney and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed resolution will continue off-street parking facilities' operations with no interruption in revenue generation for the City and provide additional time to implement cost reduction programs already in development. Extending the contract without interruption will continue the provision of monthly and transient parking, which are components of continued economic development for the City. Making parking easier, including easier to pay, is a policy objective, as it benefits the City's commercial districts by supporting access for visitors and employee commuters.

Environmental: Maintaining access to parking facilities will continue to contribute to reducing greenhouse gas emissions due to less circling and idling of vehicles searching for parking.

Race and Equity: As a cost reducing and social distancing measure when the pandemic began, the garages stopped accepting cash payments. This likely introduced additional barriers to paying for parking, especially for un/underbanked individuals. Over the past three years, however, there have been no documented complaints. Moreover, the cashless provision would likely continue with or without an extension to the COPP contract, until such time that

significantly more funding is restored that could be dedicated to expensive cash handling procedures.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed extension to the professional services agreement is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) (No Significant Effect on the Environment). This proposed extension is also exempt under CEQA Guidelines Section 15378(b)(4) and (5), as they involve government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment, and it is an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Extend The Existing Professional Services Agreement For The Operation And Management Of Municipal Parking Facilities With City Of Oakland Parking Partners For Two Years In An Annual Not To Exceed Amount Of Four Million One Hundred Thirty-Three Thousand Thirteen Dollars (\$4,133,013.00), With An Option To Extend The Agreement On A Month To Month Basis For Up To One Additional Year; Waiving The Request For Qualifications/Proposals Competitive Selection Requirement; And Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

For questions regarding this report, please contact Michael Ford, Parking & Mobility Division Manager at 510-238-7670.

Respectfully submitted,

Fred Kelley

[Fred Kelley \(Jun 29, 2023 09:35 PDT\)](#)

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