

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 DEC - 1 PM 3: 00

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Public Works Agency
DATE: December 14, 2004

**RE: STATUS OF THE SELECTION OF A CONTRACTOR FOR THE
MANAGEMENT OF THIRTEEN (13) OFF-STREET PARKING
FACILITIES, AND REQUEST FOR AUTHORIZATION TO
NEGOTIATE A CONTRACT**

SUMMARY

The Public Works Agency is completing the process to select a contractor to manage thirteen (13) of the City's off-street parking facilities. This report provides a summary of the status of the selection process and recommends moving forward with negotiations for a contract.

Public Works staff issued a Request for Proposals (RFP) in May and received responses from seven (7) contractors. A panel of parking managers from cities around the Bay Area evaluated the responsive proposals and ranked them based on the relative qualifications of each contractor's proposal. Staff proposes to begin negotiations with the first-ranked firm; if staff cannot come to terms with the first-ranked firm, negotiations will proceed with the second-ranked firm, and so on, until the City and a firm can agree to terms. Staff will then return to Council with a recommendation to award a contract early in Spring 2005. The negotiations will include the fees for various elements of parking management including the management, cashiering, monthly cleaning and security.

FISCAL IMPACT

The revenue generated by the parking facilities will more than offset the total cost of the parking management fee. Funding for the staff time necessary for administering the parking management contract as well as the funding necessary for the equipment needed for initial operation of a new parking management contract is available in the following accounts:

Parking Revenue Fund (1750); Parking Revenue – Transportation Services Organization (30262); Parking Management Account (54411); Program NB33.

The proposed project is consistent with the following Mayor and City Council goals and citywide objectives 3D and 6D:

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TO: Office of the City Administrator
ATTN: Deborah Edgerly
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MANAGEMENT OF THIRTEEN (13) OFF-STREET PARKING
FACILITIES**

SUMMARY

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Improve Oakland Neighborhoods by enhancing neighborhood commerce.

Maintain and Enhance Oakland's Physical Assets by providing for clean, well-maintained and accessible facilities and amenities.

BACKGROUND

The City and Redevelopment Agency own eighteen (18) off-street parking facilities (see Attachment 'A'). For a decade or more, these facilities have been operated under separate contracts with five (5) entities: Bay Area Parking (also known under the name of their parent company, Douglas Parking), CMA Asset Management, Inc., Montclair Merchants, Downtown Merchants, and International Hoteliers. Five (5) of the facilities, all surface lots, are currently operated by the City, but are being cleaned under contract with Bay Area Parking. Analysis of these existing agreements by staff and by the City Auditor has determined that the current arrangement of multiple contracts with differing terms should be eliminated and a single management contract issued. The benefits include greater accountability, oversight and revenue enhancement. Contracts for thirteen (13) out of eighteen (18) facilities have expired; these are the contracts that are to be consolidated into one management contract.

By placing the operation of the majority of the facilities under one management contract, it is expected that greater efficiency would be achieved in the provision of basic services, such as management, parking fee structure, cashiering, security, cleaning and maintenance, as well as improved revenue and expense tracking.

Eleven (11) of the thirteen (13) parking facilities under consideration are currently under the management of Bay Area Parking, also called Douglas Parking LLC (six [6] for operation and management and the five [5] surface lots for cleaning only). The City Center West Garage is under management of Central Parking Systems, and Douglas Parking LLC manages the remaining facility, the University of California Office of the President facility. The parking management contract for Bay Area Parking expired in 1995, and the facilities have been managed under a month-to-month contract since then. Central Parking System has managed the City Center West garage since 1998. Though parking revenue has increased steadily for the past eleven (11) years under the existing parking management companies, staff believes the increase has not resulted in optimum revenue because collectively the thirteen (13) parking facilities have been averaging only about 70% occupancy.

There had been several reasons for the relatively lower revenue generated by the thirteen (13) parking facilities. Some of the deficiency in the current management system that resulted in relatively low revenue generation are observed to be inadequate marketing, outdated equipment as well as low application of technology and ideas for operational cost savings as well as revenue boosting. The proposed contract negotiation will enable the City to competitively choose a parking management company that is capable of providing services that will improve the management of City garages and increase revenues.

In 2003, the City received two (2) offers to purchase four (4) of the City-owned garages, one (1) from InterPark for \$20.5 million and one (1) from Aegis Realty Partners for \$21 million. The appraised value of the garages was \$19.5 million. The four (4) garages considered were Franklin Plaza, Clay Street, Montclair and Pacific Renaissance Plaza. Revenues from the sales were considered as a possible source for funding capital improvement projects. Following consideration of the offer by the Finance and Management Committee and the Community and Economic Development Committee, the City Council directed that alternatives to the sale of the garages be investigated as possible sources of funding for future capital projects. During investigation of means of raising capital without selling garages, it was determined that use of the previously-dormant Parking Authority would allow for borrowing against garage revenues for the financing of capital projects. Consolidation of the management of the parking facilities under a single contract will allow revenues to be maximized, thus providing an income stream for loan payments.

In May of this year, staff solicited proposals from qualified parking management contractors through advertisement and direct solicitation. Seven (7) firms submitted proposals. Six (6) of the firms met the City's Local/Small Local Business Enterprise (LBE/SLBE) requirements, and were invited to present their qualifications and proposals before a panel of parking administrators from around the Bay Area.

The proposals contained the parking management firms' proposed pricing to fully manage, maintain and provide security services for the thirteen (13) parking facilities. In addition, the firms were asked to provide a list of other facilities they currently manage and references; income and financial statements for their firm; a program to market the City's parking facilities to maximize revenues and minimize losses; improved auditing procedures; the firms' personnel recruiting, selection and training programs; proposed management structure; improvements to service, security and cleaning, including any proposed capital costs that would be proposed; innovative financing proposals to bring in state-of-the-art technology to improve revenue tracking, monitor accounts and provide real-time financial information.

The panelists were:

- **Ron Szeto** - Manager of Parking Garages for the City and County of San Francisco
- **Debbie Sheets** - Manager of Parking for Oakland International Airport
- **Noel Pinto** - Manager of Parking for San Francisco International Airport
- **Francine Larkrith-Thompson** - City of Oakland, Finance and Management Agency, Manager of (on-street) Parking
- **Harry Schrauth** - former Assistant Director of Public Works, City of Oakland (retired).

In their evaluation, panelists considered the following criteria:

- Breadth and depth of qualification and prior experience

- Financial stability as demonstrated by financial statements, balance sheets, reports and references
- Knowledge of Oakland, and experience in working with business in redevelopment area and enterprise zones
- The proposers' procedures, operating procedures, training programs and auditing procedures
- Demonstrated ability to provide the highest level of customer service and overall quality of operation
- Information obtained from reference checks, including references of proposed subcontractors, and inspection of facilities currently owned by proposer, if desired by the panel
- General presentation before the selection panel
- Capability to market the City's parking program to maximize facilities revenues

Based on these criteria, the panel ranked the contractors in the following order:

Company Name	Ranking
Central Parking Systems	1
Imperial Parking (U.S), Inc.	2
Five Star Parking	3
Bay Area Parking Company, Douglas Parking LLC	4
Pacific Parking Management	5
Parking Concepts, Inc.	6

Central Parking Systems was the consensus selection as the best-qualified firm. Staff proposes to negotiate with the first-ranked parking management company; if the City and the first-ranked firm cannot come to terms on an agreement, negotiations will proceed with the second-ranked firm, and so on, until the City and a firm can agree to terms. Staff will return to Council with a recommendation and request to enter into an agreement once negotiations have been concluded.

KEY ISSUES AND IMPACTS

Current Contracts Expired

The long-term parking management contracts for thirteen (13) parking facilities have expired. The facilities are currently operating under short-term, year-to-year contracts. The parking facilities are being managed by multiple parking companies and require more time to oversee and audit. Also, the existing parking management contracts do not allow the flexibility to ensure the highest level of service, especially in the area of marketing, which could lead to optimum revenue.

Garage Revenue Financing

On July 15, 2003, the City Council approved Resolution No. 77928 C.M.S. re-establishing the Parking Authority of the City of Oakland (“Parking Authority”) to provide a vehicle for financing future parking and capital projects. The expected improvement in garage management and revenue will enhance the ability of the Parking Authority to utilize bond financing in the future should the Council wish to use garage revenue as a source of capital financing.

Performance Incentive

The monthly management fees will include a performance incentive to encourage the operator to maximize net revenue generation. The incentive fee will be a portion of the amount by which the net revenues received each month exceed the target revenues for each garage. Target revenues will be set based on the prior year’s revenue with an adjustment for the increases in parking rates at each garage. The incentive fee, the portion of the increased revenue that will be paid to the operator, will be negotiated with the selected operator.

SUSTAINABLE OPPORTUNITIES

Economic: The parking management contract will have a positive impact on the local economy by generating revenue and hiring employees locally.

Environmental: The parking management contract will utilize recycled chlorine-free paper and non-toxic ink, and double-sided paper whenever transactions allow. The management operation will utilize electronic communications systems as well as telephone conferencing and smart scheduling of meetings to minimize waste and air pollution.

Social Equity: The parking management contract will provide employment for local residents. It will also patronize local businesses for purchasing and other services.

DISABILITY AND SENIOR CITIZEN ACCESS

The parking management contract will maintain the existing ADA accessibility and parking requirements for persons with disabilities at all the thirteen (13) parking facilities.

RECOMMENDATION AND RATIONALE

Staff recommends acceptance of the report and authorization to proceed with negotiations for a new parking management contract with the top ranked and most qualified parking management contractor. Once those negotiations are completed, staff will return to Council with a recommendation to award the contract.

ACTION REQUESTED OF THE CITY COUNCIL


Staff requests that the City Council accept the report, and authorize staff to begin negotiations for the management of the thirteen (13) parking facilities with the first-ranked parking management

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accept the report, and authorize staff to begin negotiations for the management of the thirteen (13) parking facilities with the first-ranked parking management firm; if the City and the first-ranked firm cannot come to terms on an agreement, negotiations will proceed with the second-ranked firm, and so on, until the City and a firm can agree to terms.

Respectfully submitted,

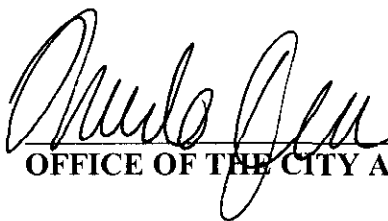
for 

RAUL GODINEZ, P.E.
Director, Public Works Agency

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

Prepared by:
Ade Oluwasogo, P.E.
Supervising Transportation Engineer

APPROVED AND FORWARDED
TO THE PUBLIC WORKS COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

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Attachment A

City-Owned Parking Facilities

	PARKING FACILITIES	LOCATION	CURRENT OPERATOR
	<i>Facilities with expired management or maintenance contracts, proposed for new contract:</i>		
1	Telegraph Plaza	2102 Telegraph Ave	Bay Area Parking
2	Dalziel Garage	250 Frank Ogawa Plaza	Bay Area Parking
3	Franklin Garage	1719 Franklin St.	Bay Area Parking
4	1200 Harrison Garage	290 Harrison St	Bay Area Parking
5	City Center West Garage	1250 MLK Way	Central Parking Systems
6	University of California, Office of the President	409-12th Street	Douglas Parking Co.
7	Willie Manuel Courthouse	(Hall of Justice)	Bay Area Parking
8	12th & Jefferson Lot	1151 Jefferson St.	Bay Area Parking
9	Piedmont Lot	4150 Howe St	City
10	Dimond Lot	3400 Dimond Ave	City
11	Parkway Lot	343 Wayne Place	City
12	Lake Park Lot	3195 Lakeshore Ave	City
13	Grand Ave Lot	3270 Grand Ave	City
	<i>Facilities not under consideration for new contract:</i>		
14	Montclair Garage	6235 La Salle	Montclair Merchants
15	Scout Lot	2250 Mountain Blvd.	Montclair Merchants
16	Clay St Garage	1414 Clay St	Downtown Merchants
17	Pacific Renaissance Garage	388 9th St	International Hoteliers
	<i>Facilities no longer under operation (closed; site of new Oakland School of the Arts)</i>		
18	18th & Telegraph Lot	18th/Telegraph	Bay Area Parking