



DATE: June 26, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **APPROVAL TO REJECT THE LONE PROPOSAL RECEIVED FOR THE PARKING MANAGEMENT REQUEST FOR PROPOSAL**

SYNOPSIS

Staff recommends that the City Council approve the rejection of the lone proposal received for the Parking Management Request for Proposal and continue to provide the services by City staff.

BACKGROUND

In an effort to identify potential cost-savings and reduce the budget through privatization, staff solicited proposals from qualified private companies in April 2013 to perform Parking Management Services. These services are currently performed by City staff consisting of a supervisor, ten full-time employees and two seasonal employees and include providing parking enforcement, street meter and pay machine maintenance and repair, parking lot maintenance and revenue collection. The program is funded by the Solid Waste Disposal Enterprise Fund and General Fund.

Requests for proposals were sent to qualified firms in February 2013, as well as noticed in local newspapers and on the Internet. After receipt of only one proposal and conducting an interview with the proposer, Ace Parking, staff compared in-house costs versus contractor costs to see if outsourcing was cost-effective and found it more cost-effective to continue to perform these services with City staff. In addition, there are concerns with outsourcing. Ace Parking primarily provides parking services such as garage management, valet services and ground transportation at airports, commercial properties, hospitals, hotels, resorts, retail centers and sports and entertainment venues. It appears they have very limited parking enforcement experience working for municipalities although they do currently provide services to the City of Chula Vista on a limited scale. The service being requested by the City of Oceanside is much different as Oceanside's parking enforcement program is citywide and comprehensive, whereas Chula Vista's program is focused only in the downtown area enforcing meters and pay machines. The City of Chula Vista previously went through the RFP process in 2009 and had seven companies submit proposals.

Current City staff is a well-trained, efficient, professional group of employees who provide a good service to the community at a good value. Parking officers provide much more to the

community than simply writing tickets, such as providing assistance to citizens by offering parking options, giving directions, providing information about the City, reporting repair work orders and providing minor trash removal, tree trimming and sign repair. The program is a well-run operation with many responsibilities and there is a concern whether a private company could provide the same level of service as City staff.

By the nature of the work, parking enforcement is a difficult job and complaints are inevitable as receiving a citation is never a positive experience. Overall, management receives very few complaints from our patrons. Parking officers are trained to be polite and respectful and work with patrons as well as issue warnings and provide leniency when appropriate. Parking enforcement should strike a balance trying to achieve compliance without being heavy-handed. Outsourcing could disrupt this balance the community has come to expect, and reversing direction after outsourcing to bring the program back in-house would be difficult to re-establish.

ANALYSIS

City staff costs, contractor costs, and fixed costs are provided below. City staff costs include all labor at the fully burdened rate, materials, tools, equipment and incidentals used to perform these services and are based on the FY 13/14 budget. Fixed costs will continue to be charged to this program even if services are outsourced, which will provide no additional savings to the City.

City Staff

Personnel Costs (9 Full-Time Employees - Full Burdened Rate)	\$ 598,013
Personnel Costs (2 Part-Time Employees - Seasonal)	\$ 30,000
Unfunded Pension Liability	(\$ 6,131)
Subcontracted Work/Maintenance Contracts	\$ 28,400
Operating Costs (Equipment, materials, supplies, uniforms, etc.)	\$ 57,325
Vehicles (9 trucks, 1 van, 2 electric carts) - Annual Replacement	\$ 44,264
Annual M & O	\$ 74,107
Total	\$ 825,978

Contractor (Ace Parking)

Personnel Costs (9 FT Employees, 2 PT Employees)	\$ 659,560
Equipment/Software/Supplies/Services	\$ 187,490
Overhead Expenses	\$ 32,500
Administrative Costs and Management Fees	\$ 52,000
Software Licensing Fee	\$ 5,400
Total First Year	\$ 936,950

Fixed Costs which will remain if services are outsourced:

Ordinance Enforcement Supervisor (Full Burdened Rate)	\$ 127,576
Senior Parking Enforcement Officer (Full Burdened Rate)	\$ 85,878
Internal Service Charge – IT	\$ 31,195
Internal Service Charge – COC Rent/Debt Service	\$ 2,811
Overtime	\$ 15,000
Pension Obligation Bond	\$ 8,462

The Ordinance Enforcement Supervisor would be retained to manage the contract as well as three other programs. The Senior Parking Enforcement Officer would be retained to perform impounding duties for abandoned, scofflaw and stored vehicles in the right-of-way and farmer's market as well as other tasks that can't be performed by an outside contractor. The Internal Service Charges are fixed and will continue to be charged to this program, which will provide no additional savings to the City. Overtime was not included in contractor costs.

FISCAL IMPACT

The five-year proposed costs by Ace Parking is \$4,978,223 which includes CPI increases of approximately 3.0 percent per year. The individual year costs are \$936,950 for the first year, \$964,291 for the second year, \$995,994 for the third year, \$1,025,994 for the fourth year and \$1,054,994 for the fifth year. City staff costs will increase over a five year period primarily due to health care and retirement costs with no increase in salaries for the foreseeable future. Based on preliminary info from CalPERS, the City's miscellaneous employee rate will increase 3.5 percent over the next five years and staff is projecting a possible 50 percent increase in health insurance costs. By the fifth year, these additional costs would raise the total annual city costs to \$902,192.

	Year 1 - FY 13/14	Year 5 - FY 17/18
City Staff	\$825,978	\$902,192
Ace Parking	\$936,950	\$1,054,994
Cost Difference	+ \$110,972	+ \$152,802

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY ANALYSIS

The City Council has the discretion to reject all proposals.

RECOMMENDATION

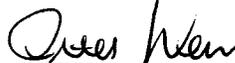
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