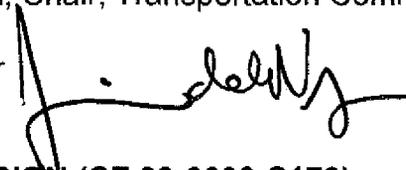


**CITY OF LOS ANGELES  
INTER-DEPARTMENTAL MEMORANDUM**

Date: April 4, 2013

To: The Honorable City Council  
c/o City Clerk, Room 395  
Attention: Honorable Bill Rosendahl, Chair, Transportation Committee

From: Jaime de la Vega, General Manager  
Department of Transportation 

Subject: **PARKING METER LEASE EXTENSION (CF 09-0600-S173)**

**SUMMARY**

This report recommends authorizing the Los Angeles Department of Transportation (LADOT) to extend the city's current parking meter lease contract with IPS Group, Inc. for up to five additional years (May 5, 2013 to May 4, 2018).

**RECOMMENDATIONS**

1. AUTHORIZE LADOT to extend the city's current parking meter lease contract with IPS Group, Inc. for up to five additional years (May 5, 2013 to May 4, 2018).
2. AUTHORIZE LADOT to execute a contractual agreement with IPS Group, Inc., to be signed and executed by the parties, amending the city's current parking meter lease contract (C-117382) to extend the term of the agreement one additional year with the option of four additional one year periods.

**DISCUSSION**

From May 2010 to June 2011, LADOT upgraded 20,000 parking meters through an award-winning public-private partnership with IPS Group, Inc. The lease-to-own agreement provides for ownership of the meters to transfer to the city after three years of payments. Since the last meters were installed in June 2011, the soonest they would be completely paid is June 2014; however, the three-year agreement is currently set to expire on May 4, 2013.

In addition, because the lease payments were limited by the increased revenue achieved, the city has not been required to pay for all leased meters each month. This has reduced monthly costs, but further postponed the date that the ownership of all meters will be transferred to the city.

LADOT recommends extending this lease agreement for an additional year with the option of four additional one year periods, for a total of up to five additional years. The extended term will provide for the city to fully utilize the lease-to-own feature of the

contract, as well as to maintain leasing as an option for additional parking meters in the future. Extending the term would also allow for future use of the contract's "technology refresh" provision that provides a mechanism to implement future upgrades in software and hardware, such as contactless card readers. Extending the term of the agreement does not preclude the procurement, purchase, or installation of parking meters or related hardware from any other vendor.

As an alternative, the City Council could elect to allow the current contract to expire and pay off the remaining amount due to purchase the leased meters from the contractor. The cost to purchase the leased meters (and the included spares) at the current end of the contract on May 4, 2013 is estimated to be approximately \$2.69 million, which is currently not budgeted. If the City Council approves the recommendation to extend the contract, the outstanding meters could still be purchased at any time during the term, should funding for this strategy be provided.

## **BACKGROUND**

On February 24, 2010, the City Council approved a motion instructing LADOT to "move quickly to repair 10,000 meters by sole source or whatever means necessary." Based on a successful pilot with new card & coin meters that quickly retrofit in existing meter housings, LADOT subsequently negotiated a sole source lease agreement with IPS Group, Inc. The lease agreement requires no capital outlay, guarantees net positive revenue, and provides for a portion of each lease payment to later be applied toward purchasing the meters. After three years of lease payments for a meter, ownership transfers to the city. Through this lease agreement, the parking meters were upgraded from May to September 2010.

Based on the success of the first 10,000 meters, on December 15, 2010, the City Council authorized LADOT to expand the lease agreement to include an additional 10,000 parking meters. LADOT subsequently upgraded the additional meters from February to June 2011.

The original term of the agreement was one year with options for two one-year extensions, not to exceed three years total. LADOT has exercised all extension options and the agreement is currently set to expire on May 4, 2013.

## **FISCAL IMPACT**

The recommended actions would have no impact to the General Fund. Funding for parking meters and related services is provided by the Special Parking Revenue Fund (SPRF). Funding for the current lease strategy is provided in the current fiscal year 2012-13 budget. Funding in the amount of approximately \$2.69 million would need to be identified to purchase the leased meters at the end the current term.

JTV:dem

c: Borja Leon, Deputy Mayor Transportation  
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Daniel Mitchell, Senior Transportation Engineer, LADOT