

Your

TRANSPORTATION

Committee

reports as follows:

TRANSPORTATION COMMITTEE REPORT relative to extending the parking meter lease contract with IPS Group, Inc.

Recommendation for Council action:

AUTHORIZE the Los Angeles Department of Transportation (LADOT), subject to the approval of the City Attorney as to form and legality, to:

1. Extend the city's current parking meter lease contract with IPS Group, Inc., for up to five additional years, changing the end date from May 5, 2013, to May 4, 2018.
2. 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.

Fiscal Impact Statement: LADOT reports that this action will not impact the General Fund. Funding for parking meters and related services is provided by the Special Parking Revenue Fund. Funding for the current lease strategy is provided in the Fiscal Year 2012-13 budget. Funding in the amount of approximately \$2.69 million would be needed to purchase the leased meters at the end of the current term.

Community Impact Statement: None submitted.

SUMMARY

In a report to Council dated April 4, 2013 (attached to the Council file), LADOT requests authority to extend the parking meter lease contract with IPS Group, Inc., for five years. According to the Department, 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. The agreement is currently set to expire May 4, 2013.

LADOT reports that the City and IPS have upgraded 20,000 parking meters. The lease-to-own agreement provides for ownership of the meters to transfer to the City after three years of payments. Should the Department's request not be approved, the City would be obliged to pay the remaining amount due to purchase the leased meters from the contractor. The cost to purchase the leased meters (and the included spares) is approximately \$2.69 million, which is currently not budgeted.

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 allow the City to take full advantage of the lease-to-own feature of the contract, as well as to preserve leasing as an option for additional parking meters in the future. Extending the term would also allow for the 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. LADOT goes on to report that 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.

At its meeting held April 24, 2013, the Transportation Committee discussed the proposed IPS contract extension and related matter with LADOT staff. The Committee recommended that Council approve LADOT's recommendations.

Respectfully submitted,

TRANSPORTATION COMMITTEE

- NOT OFFICIAL UNTIL COUNCIL ACTS -

<u>MEMBER</u>	<u>VOTE</u>
ROSENDAHL:	YES
KORETZ:	YES
PARKS:	ABSENT
LABONGE:	ABSENT
HUIZAR:	YES

jaw

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