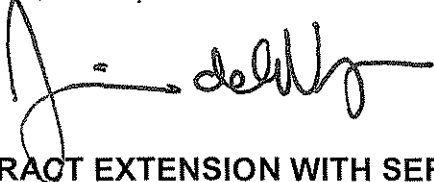


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

DATE: August 30, 2013

TO: Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Chair, Transportation Committee

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

SUBJECT: **APPROVAL TO EXECUTE A CONTRACT EXTENSION WITH SERCO INC**

SUMMARY

This report recommends authorizing the Los Angeles Department of Transportation (LADOT) to extend the city's current contract with Serco Inc., for an additional six-months from September 30, 2013 to March 31, 2014 with additional month-to-month options through September 30, 2014.

RECOMMENDATIONS

1. AUTHORIZE LADOT to extend the city's current contract with Serco Inc., for additional six-months from September 30, 2013 through March 31, 2014 with additional month-to-month options through September 30, 2014.
2. AUTHORIZE LADOT to execute a contractual agreement to be signed and executed by the parties.
3. AUTHORIZE LADOT to amend Section 2.0, entitled COMPENSATION, and increase the unit price for meter collections for Single Space and PayStations as follows:

	<u>Current</u>	<u>New</u>
Single Space	0.56113	0.57235
PayStation	9.41	9.60

BACKGROUND

The current contract with Serco Inc. is to collect parking meter coin revenue of \$25.3 million from 37,964 parking meters and 431 pay stations. The current contract term expires on September 30, 2013.

Although the department's intention was to have a new contract in place by April 2013, the recommendation for awarding the contract has been delayed due to the complexity of the proposals and the detailed analysis that must be completed to ensure that a contract is awarded to the company that provides the best overall value to the City.

The evaluation committee is in the final stages of the evaluation and is in the process of finalizing the recommendation for the General Manager's review. However, since the approval process, which includes the General Manager's recommendation and the approval of the Transportation and Budget and Finance Committees and the full City Council, may take a minimum of six months to complete, the department believes it would be prudent to extend the current contract for an additional six months with month-to-month options as stated above. This will ensure that parking meter coin counting services are not impacted by this procurement process.

FISCAL IMPACT

The current monthly cost for this service is approximately \$150,400. The new meter rates as proposed by the current vendor will increase the monthly billed amount by approximately \$3,000; resulting in additional costs of \$27,000 for FY 2013-14 and \$9,000 for FY 2014-15. However, the department believes that the increase is fair and reasonable based on the current vendor's need to maintain an aging fleet of vehicles and to secure a facility lease for the period of the contract extension.

The LADOT Special Parking Revenue Fund budget analyst has confirmed that the funding allocation of \$2,799,000 in the 2013-14 Special Parking Revenue Fund Budget, Expense Item 0010, is sufficient to fund the additional expense for this contract extension..

JTV:RA

Attachments: Draft Contract
Acceptance letter from Serco of a contract extension
Updated rate table

SEVENTH (7TH) CONTRACT MODIFICATION
SIX-MONTH CONTRACT EXTENSION TO CONTRACT NO. 109171
BETWEEN
THE CITY OF LOS ANGELES AND SERCO INC.
FOR THE CONTINUED COLLECTION SERVICES FOR THE CITY'S PARKING METERS, PAY STATIONS
AND RELATED SERVICES

THIS AMENDMENT to Agreement No. C-109171 between the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), and Serco Inc., (hereinafter referred to as "Contractor") is entered into effective October 1, 2013 and with reference to the following:

WHEREAS, the City entered into a contract with the Contractor on October 1, 2005 for a period of one year with four (4) annual extensions, effective October 1, 2006 through September 30, 2010; and

WHEREAS, the City entered into an amendment with the Contractor to extend the term of said Agreement commencing on October 1, 2010 through September 30, 2011, with a one-year option to renew from October 1, 2011 through September 30, 2012; and

WHEREAS, such one-year option to renew from October 1, 2011 through September 30, 2012 was exercised by the City on September 20, 2011; and

WHEREAS, the City entered into an amendment with the Contractor to extend the term of said Agreement commencing on September 30, 2012 through March 31, 2013, with additional month-to-month options through September 30, 2013; and

WHEREAS, both parties have mutually agreed to this contract extension under the same terms and conditions of the current contract and have mutually agreed upon a rate increase as follows:

	<u>Current</u>	<u>New</u>
Single Space	0.56113	0.57235
Pay Station	9.41	9.60

WHEREAS, the City requires the Contractor to continue parking meter and pay station collection services for an additional six months, from September 30, 2013 through March 31, 2014, with additional month-to-month options through September 30, 2014 while the Department of Transportation's evaluation committee finalizes the recommendation to award a contract for parking meter coin counting and collection services; and

Hereby incorporated by reference in to this Contract are the following Standard Provisions for City Contracts (Rev 3/09), which are attached here as Attachment 1 and hereby included herein by reference.

SEVENTH (7TH) CONTRACT MODIFICATION
SIX-MONTH CONTRACT EXTENSION TO CONTRACT NO. 109171
BETWEEN
THE CITY OF LOS ANGELES AND SERCO INC
FOR THE CONTINUED COLLECTION SERVICES FOR THE CITY'S PARKING METERS, PAY STATIONS
AND RELATED SERVICES

APPROVED AS TO FORM:
Carmen Trutanich , City Attorney

For the CITY:

By: Michael Nagle
Deputy City Attorney

Jaime de la Vega
General Manager
Department of Transportation

ATTEST:

For the CONTRACTOR:

June Lagmay, City Clerk

David Cornell, Director, Contracts
Serco Inc.

Bringing service to life



August 22, 2013

LTR13-0354

Serco Inc
1818 Library St.
Reston, VA 20190
United States

Mr. Andalon and Mr. Garcia
Department of Transportation, Office of Parking Management and Regulations
100 South Main Street, 10th Floor
Los Angeles, CA 90012

T (703) 939-6000
F (703) 939-6001

www.serco-na.com

Subject: Response to Letter Dated August 13, 2013

Dear Mr. Andalon and Mr. Garcia:

Serco would like to again thank you for the opportunity to continue our relationship we have enjoyed for the last 18 years. Serco would be pleased to continue supporting the city with an extension to the contract for six months from September 30, 2013 to March 31, 2014 with additional month-to-month options through September 30, 2014.

There are certain risks and expenses Serco will face in a relatively short term effort like this such as potential personnel turnover as people may seek a seemingly more permanent career and there is an aging fleet that could experience higher maintenance costs than a newer fleet. Serco is currently looking forward to this extension and is working to secure a favorable lease for the facility for the potential one year period. With these considerations in mind Serco requests a reasonable and equitable adjustment to our meter rates by a factor of 2.0%. This adjustment would result in the following change:

	Current	New
Single Space	0.56113	0.57235
PayStation	9.41	9.60

Serco again appreciates the opportunity to provide this response and looks forward to your reply. Gene Costa, Neil McLean, Richie Waldron and I are available at any time to continue the dialogue on our partnership with your city.

I welcome a call to discuss this approach so that we can fully understand each other's position and how this approach may impact the next steps in this process. We are interested in assisting you in making this process as smooth and effortless as possible.

Sincerely,

David Cornell

Director, Contracts

Serco Inc.

Office: 703-939-6671

E-Mail: david.cornell@serco-na.com

Bringing service to life



Wayne P. Garcia
Department of Transportation, Office of Parking Management and Regulations
100 South Main Street, 10th Floor
Los Angeles, CA 90012

August 28, 2013

LTR13-0363

Serco Inc
1818 Library St.
Reston, VA 20190
United States

T (703) 939-6000
F (703) 939-6001

www.serco-na.com

Subject: Extension Rate Table

Dear Mr. Garcia:

Serco would like to again thank you for the opportunity to continue providing our services for providing Parking Meter Collection and Coin Counting Services for the City of Los Angeles, and continuing our relationship of the last 18 years. Below is our proposed updated rate table based upon our discussions on August 22, 2013 for the full potential 12 month extension period.

Month	Estimated Single-space	Estimated Paystations	Current Rate	New Rate (+2%)	Difference
Oct-2013	252,282	1,376	\$154,512.22	\$157,602.47	\$3,090.24
Nov-2013	223,719	1,473	\$139,399.10	\$142,187.08	\$2,787.98
Dec-2013	227,443	1,395	\$140,752.15	\$143,567.19	\$2,815.04
Jan-2014	259,791	1,725	\$162,008.77	\$165,248.95	\$3,240.18
Feb-2014	231,416	1,454	\$143,536.60	\$146,407.33	\$2,870.73
Mar-2014	244,210	1,508	\$151,223.84	\$154,248.31	\$3,024.48
Apr-2014	259,531	1,621	\$160,884.24	\$164,101.92	\$3,217.68
May-2014	263,852	1,579	\$162,913.66	\$166,171.94	\$3,258.27
Jun-2014	229,852	1,204	\$140,306.49	\$143,112.62	\$2,806.13
Jul-2014	248,729	1,351	\$152,281.36	\$155,326.99	\$3,045.63
Aug-2014	258,248	1,717	\$161,069.28	\$164,290.66	\$3,221.39
Sep-2014	221,216	1,255	\$135,936.63	\$138,655.37	\$2,718.73
			\$ 1,804,824.34	\$1,840,920.83	\$36,096.49

Should you have any questions, please contact me at (703) 939-6671.

Sincerely,

David Cornell
Director, Contracts
Serco Inc.



Wayne Garcia <wayne.garcia@lacity.org>

RE: SERCO CONTRACT EXTENSION - DRAFT REPORT & CONTRACT [Serco Proprietary]

Cornell, David <David.Cornell@serco-na.com>
To: Wayne Garcia <wayne.garcia@lacity.org>

Thu, Aug 29, 2013 at 12:03 PM

Classification: Serco Proprietary

Wayne-

The attached looks very good. We have no recommended changes to the document.

We look forward to hearing from you about how the City Council review goes. Good luck.

Sincerely,

David Cornell, Director of Contracts

Serco

1818 Library Street, Ste 1000

Reston, VA 20190

(703) 939-6671 Office

From: Wayne Garcia [mailto:wayne.garcia@lacity.org]

Sent: Thursday, August 29, 2013 2:30 PM

To: Cornell, David

Subject: Fwd: SERCO CONTRACT EXTENSION - DRAFT REPORT & CONTRACT

Mr. Cornell,

Attached for your review is the DRAFT report to the City Council and a DRAFT contract. Please review and let me know if you have any recommend changes/edits, comments, questions or concerns.

Thanks.