

0150-07684-0001

TRANSMITTAL

TO
Eugene D. Seroka, Executive Director
Harbor Department

DATE
AUG 17 2017

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
15

PROPOSED OPERATING AGREEMENT WITH PARKING CONCEPTS, INC.

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.


MAYOR Ana Guerrero

RHL:ABN:10170153t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 14, 2017

CAO File No. 0150-07684-0001
Council File No.
Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Correspondence from the Harbor Department date June 27, 2017; referred by the Mayor for report dated June 28, 2017

Subject: **PROPOSED OPERATING AGREEMENT WITH PARKING CONCEPTS, INC.**

RECOMMENDATION

That the Mayor:

1. Approve Harbor Department (Port) Resolution No. 17-8123 authorizing proposed Agreement No. 17-3505 with Parking Concepts Inc. to manage, operate and maintain parking facilities for the Port of Los Angeles; and,
2. Return the document to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 17-3505 with Parking Concepts Inc. (PCI) to manage, operate and maintain parking facilities in the Port of Los Angeles (POLA) and offsite parking lots, as needed. The Port selected PCI through a competitive bid process for a contract term of five years, with one five-year renewal option. The parking facilities will service the POLA lots for the World Cruise Center, Catalina Sea and Air Terminal, and the USS Iowa. The offsite parking will include lots for such events as the Los Angeles (LA) Fleet Week, Tall Ships, Holiday Parade, Lobster Festival and other events. According to the Port, the Agreement includes: provisions for valet services; rates for oversight activities within the parking facilities such as filming, special events, and remediation activities; and, rates for offsite parking lots for various Port-approved events

BACKGROUND

The Port previously contracted with PCI to operate various parking facilities in POLA from January 2006 to 2011. Subsequent to the proposed expiration date, the Port deemed it necessary to extend the Agreement through a "holdover" status. A "holdover" provision is on a month-to-month basis under similar contract terms and conditions. The Port decided to extend the previous Agreement to provide additional flexibility to determine how the Port would use the parking facilities for adjacent tenants and operators due to the future expansion of operations for contractors (i.e., China Shipping and USS Iowa). In 2016, the Port released a Request for Proposal (RFP) process to hire a parking operator to manage and operate parking facilities on POLA and as needed offsite parking lots.

PROPOSED PCI AGREEMENT

The Port received proposals from seven companies that were evaluated using the following criteria: 1) qualification, experience, and references; 2) personnel and staffing; 3) management and operations; financial offer; and, 4) investment in capital improvements. PCI achieved the highest score among the respondents. In March 2017, the Port met with PCI officials to clarify the management, operational, and maintenance terms in the following areas: equipment needs; work stations; signage; shuttle vans; valet services for cruise passengers; and, financial requirements.

The proposed Agreement will require PCI to make the following annual payments to the Port: 1) 81 percent of gross receipts up to \$5 million; 2) 82 percent of gross receipts over \$5 million to \$6 million; and, 3) 83 percent of gross receipts over \$6 million. The Port expects that gross receipts, less allowable exclusions, will average approximately \$3.8 million a year, with revenue to the Port at an average of approximately \$3 million annually. The Port states that the previous last three years parking contract included rental amounts of 77.2 percent of gross receipts or an average of \$3.9 million in gross annual revenues, with the Port receiving approximately \$2.84 million per year. Although the proposed gross receipts of 81 percent is an increase, the Port expects to receive only a slightly higher revenue amount, because of the revenue exclusion for parking occupancy and possessory interest taxes. The Port states that revenue from the higher rental percentage of 82 and 83 percent in gross receipts may decrease if the number of vehicles at parking sites is lower than expected. According to the Port, contracting with PCI to manage offsite parking lots also will generate revenue by charging visitors for special events. The Port states that professional parking attendants under PCI will ensure more efficient service levels and accountability.

PCI will be responsible to upgrade the current parking management system, valued at approximately \$390,000, to update the existing equipment and improve service levels. The responsibility of the Port will be limited to costs for fire and life safety, electrical and plumbing, and structural repair and maintenance. The Port has the right to terminate or cancel all or part of the Agreement and must reimburse PCI for any unamortized investments if canceled within five years.

The City Attorney has approved the proposed Resolution as to form. Pursuant to Charter Section 606, Council approval is required because the cumulative contract term exceeds five years. Pursuant to Charter Section 1022, the Port states that the parking services can be performed more feasibly by an outside contractor than City employees. The Port Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) and appropriate LA City CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Agreement with Parking Concepts Inc. (PCI) will require PCI to be financially responsible to make annual payments to the Port as follows: 81 percent of gross receipts up to \$5 million; 82 percent of gross receipts that exceed \$5 million up to \$6 million; and, 83 percent of gross receipts over \$6 million. It is anticipated that gross receipts, less allowable exclusions, will average approximately \$3.8 million a year and the proposed Agreement will generate approximately \$3 million in revenue per year to the Port.