



City of Arts & Innovation

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: MARCH 12, 2024**

**FROM: PUBLIC WORKS DEPARTMENT                                      WARD: 1**

**SUBJECT: FIRST AMENDMENT TO AGREEMENT FOR PARKING MANAGEMENT SERVICES OF THE DOWNTOWN PARKING FACILITIES WITH PARKING CONCEPTS, INC., OF LOS ANGELES, CALIFORNIA, FOR A THREE-YEAR TERM ENDING DECEMBER 31, 2026, IN THE AMOUNT OF \$7,847,152 FOR A TOTAL CONTRACT AMOUNT OF \$11,890,106; AUTHORIZE A CHANGE ORDER AUTHORITY UP TO 10%, OR \$1,189,011, FOR A TOTAL AMOUNT OF \$13,079,116 – SUPPLEMENTAL APPROPRIATION**

**ISSUES:**

Approve the First Amendment to Agreement for parking management services of the downtown parking facilities with Parking Concepts, Inc., of Los Angeles, California, for a three-year term ending December 31, 2026, in the amount of \$7,847,152 for a total contract amount of \$11,890,106; authorize a change order authority up to 10% in the amount of \$1,189,011 for a total contract amount of \$13,079,116; and authorize a supplemental appropriation from the Public Parking Fund in the amount of \$1,218,208.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the First Amendment to Agreement for parking management services of the downtown parking facilities with Parking Concepts, Inc., for a three-year term, in the amount of \$7,847,152 for a total contract amount of \$11,890,106;
2. Authorize change order authority up to 10%, or \$1,189,011, for a total amount of \$13,079,116 for additional maintenance and services due to unforeseen conditions;
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$1,218,208 from the Public Parking available Working Capital to the Parking Management Services, Professional Services expenditure account; and
4. Authorize the City Manager, or designee, to execute the agreement with Parking Concepts, Inc., including making minor and non-substantive changes.

## **BACKGROUND:**

On March 4, 2021, the City of Riverside published RFP No. 2083 Parking Management Services. The scope of services for the RFP required the vendor to manage and maintain five parking garages, fourteen surface lots, and all the on-street collections and operations of the pay stations and meters.

On December 7, 2021, the City Council awarded RFP No. 2083 Parking Management Services to Parking Concepts, Inc. The agreement included service and support for three years ending on December 31, 2024, with two optional one-year extensions, in the amount of \$3,839,152 and a 10% (\$383,915) Change Order Authority for a total amount of \$4,223,067. At the time of this report's writing, the estimated total contract expenditures are \$4,042,954.

## **DISCUSSION:**

On January 1, 2022, Parking Concepts Inc. (PCI) started managing the downtown parking operation. Parking Services immediately requested PCI to assess the parking facilities, evaluate the standard operating procedures (SOPs) and develop priority recommendations. PCI was able to determine some SOPs that were not consistent with the parking industry's best management practices, such as revenue collections and general maintenance. Parking Services spent additional funds above the monthly PCI contract compensation amount to address and improve the sub-standard SOPs.

On February 15, 2022, the City Council approved the parking improvements and rate increases associated with the Parking Ecosystem Sustainability Plan (PESP). In preparation for the July 1, 2022, PESP implementation, additional funds were spent hiring more staff for the expanded hours of operations, revise the parking management systems, buying additional support equipment, modifying the monthly permit programs, updating the on-street and off-street signage, and providing public information and outreach on the parking changes.

On July 19, 2022, the PESP rates were rescinded, and the pre-July 1, 2022, rates and hours of operation were reinstated. Additional expenses were incurred to refund monthly permit holders, replace on-street and off-street signage, layoff newly hired staff, and revert the parking management systems.

On April 18, 2023, the City Council approved the new parking rates and hour schedule associated with the Parking Your Way program. Staff was also directed to return to City Council with an amended service contract with Parking Concepts Inc., resulting from the implementation of the new parking programs and expanded hours of operation.

In preparation for the July 1, 2023 Parking Your Way program implementation, additional funds were spent hiring more staff for the 24/7 hours of operation, ramping up garage power washing, modifying the parking management systems, installing the infrastructure to support the Parking Access Revenue Control Systems (PARCS) in the garages, buying additional support equipment, creating the new monthly permit programs, updating the on-street and off-street signage, developing and integrating the Park Riverside app, and providing public information and outreach on the parking changes.

Between July 1, 2023, through December 31, 2023, operating expenses have increased due to additional staffing necessary for 24/7 operations, additional uniforms, weekly/monthly garage

power washings, higher volume of credit card transaction fees, increase in tech use fees for Park Riverside app, Park Mobile app, IPS parking sessions, TEZ billing software and the TIBA PARCS transactions and purchase of additional consumables. The Festival of Lights operating expenses also increased due to an expansion of part time event staffing, rental transaction equipment, additional consumables, an increase in cash deposit services, an increase in credit card transaction fees and an increase in tech user fees.

The incurred expenses over the past two years from January 1, 2022, through December 31, 2023, have nearly consumed the approved contract compensation amount for PCI’s parking management services. It is forecasted that the approved contract compensation amount will be exhausted once services are rendered sometime in February 2024 and invoiced in mid-March 2024, necessitating an amendment to the contract compensation. Below in Table 1 is the fiscal expenditures for PCI’s parking management services and the remaining compensation balance.

Table 1 – Fiscal Expense, Forecast and Compensation Balance for PCI Contract

<b>Fiscal Years</b>	<b>Contract Budget</b>	<b>Actual</b>	<b>Estimated</b>	<b>Compensation Balance</b>
FY2021-22	\$1,236,714	\$760,779 <sup>a</sup>	n/a	\$3,462,288
FY2022-23	\$1,278,818	\$1,724,394 <sup>b</sup>	n/a	\$1,737,894
FY2023-24	\$1,323,620	\$1,232,781 <sup>c</sup>	\$325,000 <sup>d</sup>	\$180,113
10% Contingency	\$383,915	N/A	N/A	N/A
<b>Total</b>	<b>\$4,223,067</b>	<b>\$3,717,954</b>	<b>\$4,042,954</b>	<b>\$180,113</b>

<sup>a</sup>Actual Expenses: January 1, 2022, through June 30, 2022.

<sup>b</sup>Actual Expenses: July 1, 2022, through June 30, 2023.

<sup>c</sup>Actual Expenses: July 1, 2023, through November 30, 2023.

<sup>d</sup>Estimated Expense: December 1, 2023, through December 31, 2023.

The Net Operating Income (NOI) for the downtown parking operation is listed in Table 2 below. It shows the actual NOI for FY2021-22 (January through June) and FY2022-23 (July through June), and the projected NOI for FY2023-24 through FY2026-27 (July through December).

Table 2 does not represent the operating expenses and revenues for the entirety of the Parking Fund. Net operating income resulting from PCI’s operations are part of the Parking Division’s budget and used towards capital improvements, maintenance, and other parking costs.

Table 2 – Gross Revenue, Operating Expense and Net Operating Income (NOI) with PCI

<b>Fiscal Years and Operating Months</b>	<b>Gross Revenue</b>	<b>Operating Expense</b>	<b>Net Operating Income</b>
FY2021-22 – Jan through June	\$1,188,236	\$760,779	\$427,457 <sup>a</sup>
FY2022-23 – July through June	\$3,172,800	\$1,724,394	\$1,448,406 <sup>b</sup>
FY2023-24 – July through June	\$5,408,773	\$2,777,702	\$2,631,071 <sup>c</sup>
FY2024-25 – July through June	\$5,795,434	\$2,577,797	\$3,217,637 <sup>d</sup>
FY2025-26 – July through June	\$6,124,644	\$2,678,984	\$3,445,660 <sup>e</sup>
FY2026-27 – July through Dec	\$3,326,744	\$1,372,163	\$1,954,581 <sup>f</sup>

<sup>a</sup>Actual NOI: January 1, 2022, through June 30, 2022.

<sup>b</sup>Actual NOI: July 1, 2022, through June 30, 2023.

<sup>c</sup>NOI based on actual and projected revenues and expenses: July 1, 2023, through June 30, 2024.

<sup>d</sup>NOI based on projected revenues and expenses: July 1, 2024, through June 30, 2025.

<sup>e</sup>NOI based on projected revenues and expenses: July 1, 2025, through June 30, 2026.

<sup>f</sup>NOI based on projected revenues and expenses: July 1, 2026, through December 31, 2026.

The projected NOI factors in revenue increases are based on approved parking rate adjustments

scheduled for specific fiscal years and an annual 3% growth in parking demand. Expense increases are based on competitive labor rates to retain staffing and 5% inflation on goods and services. The Parking Fund has additional operating expenses not associated with the PCI contract, including security services, equipment purchases, and maintenance efforts which are not deducted from the NOI within this report.

As previously noted, while the initial three-year contract term is not set to expire until December 2024, a contract amendment is necessary at this time to ensure adequate funds for operation. The original agreement allowed for two optional one-year extensions. Because the City has been satisfied with PCI’s performance thus far, and because it is necessary to amend the contract agreement at this time, staff are recommending to extend the agreement through December 31, 2026.

This First Amendment complies with Purchasing Resolution 23914, Article Eleven: Purchase Order and Purchase Requisition Procedures, Section 1104 “Change Orders”, which states: “Modification to a Purchase Order shall be made only by Change Order. Subject to the availability of funds, Change Orders may be utilized for purposes of (2) modifying unit prices, (3) modifying scope of work/services being provided, where the modification is reasonably related to the original scope of work/services, (5) modifying contract completion time or the term of a Contract.”

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution 23914.

**STRATEGIC PLAN ALIGNMENT:**

The contract with PCI for the downtown parking management services aligns with **Strategic Priority 6 – Infrastructure, Mobility, and Connectivity** and **Goal 6.2 – Maintain, protect, and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.**

This project aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City follows a transparent and fair procurement process for its contracts.
2. **Equity** – This agreement is neutral to the Equity cross cutting thread.
3. **Fiscal Responsibility** – Numerous proposals were vetted to determine the best parking management services with the most economical cost at the time of award.
4. **Innovation** – The services offered through the agreement are an integral part of the Parking Your Way program with the integration of the Park Riverside app.
5. **Sustainability & Resiliency** – The services related to this agreement are fully funded by the Public Parking (570) Fund and contribute to the economic prosperity of downtown Riverside by delivering a positive experience to the downtown visitors.

**FISCAL IMPACT:**

The total fiscal impact of this action is \$7,847,151. The operating expenses for parking management services are itemized by fiscal year in Table 3 below, which includes the downtown public parking garages, surface lots and on-street metered spaces.

Table 3—Total Contract Cost by Fiscal Year for Parking Management Services with PCI

Fiscal Year and	Task	Account	Amount
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<b>Operating Months</b>			
2023/24 – Jan to June	Parking Mgmt Srvc – Projected	4150000-421002	\$1,218,208
2024/25 – July to June	Parking Mgmt Srvc – Projected	4150000-421002	\$2,577,797
2025/26 – July to June	Parking Mgmt Srvc – Projected	4150000-421002	\$2,678,984
2026/27 – July to Dec	Parking Mgmt Srvc – Projected	4150000-421002	\$1,372,163
10% Contingency	Unforeseen Operating Expenses	4150000-421002	\$1,189,011
<b>Total Amount</b>			<b>\$9,036,163</b>

Upon Council approval, a supplemental appropriation in the amount of \$1,218,208 will be recorded in the Parking Fund, Professional Services expenditure account number 4150000-421002 from available Working Capital for parking management services for the remainder of the fiscal year. Appropriations for future fiscal years will be included in the Public Works Department’s Budget submission and will be presented to the City Council for approval.

Prepared by: Erik Lue, Public Parking Services Manager  
 Approved by: Gilbert Hernandez, Public Works Director  
 Certified as to  
 availability of funds: Kristie Thomas, Finance Director/Assistance Chief Financial Officer  
 Approved by: Kris Martinez, Assistant City Manager  
 Approved as to form: Phaedra A. Norton, City Attorney

Attachment:

1. First Amendment to Agreement for Parking Management Services with Parking Concepts Inc.
2. Presentation