



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** May 29, 2018

Approved

Date

6-8-18

**COUNCIL DISTRICTS:** 3, 5, 6

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR PARKING GARAGE  
AND SURFACE LOT MANAGEMENT SERVICES**

## RECOMMENDATION

Accept the report on the Request for Proposal (“RFP”) for Parking Garage and Surface Lot Management Services and adopt a resolution authorizing the City Manager to:

1. Negotiate and execute an Agreement with SP Plus Corporation (Chicago, IL) for an initial five-year term ending June 30, 2023, for an estimated annual cost of \$4,115,916 to manage the City’s parking garages and surface lots, including maintenance, operation, janitorial services, and supplemental services, subject to the annual appropriation of funds.
2. Negotiate and execute amendments to the Agreement to allow for changes to the list of parking garages and surface lots, levels of service or increase to supplemental services, subject to the annual appropriation of funds.
3. Exercise up to seven, one-year options to extend the term of the Agreement through June 30, 2030, subject to the annual appropriation of funds.

## OUTCOME

Provide ongoing management, operation, maintenance and janitorial services at the City’s parking facilities to deliver safe, clean, and well-maintained facilities that are convenient and accessible to customers.

## **BACKGROUND**

The Department of Transportation (DOT) oversees the operations of eight parking garages and six surface parking lots in the Downtown and neighborhood business districts (collectively, the “parking facilities”). Most of the parking facilities operate seven days per week, 365 days per year.

Parking facilities offer the first impression of San José for many visitors. They are an essential part of the daily routine for many employees and citizens doing business or using services in the City. Thus, it is important that the City’s parking facilities are managed and operated in a manner that reflects the City’s commitment to customer service, careful stewardship of the public’s capital investments, adequate safeguards on the City’s revenues, and professional management of the City’s services.

The City contracts with a third-party parking operator to manage and operate the parking facilities on the City’s behalf. Parking facility services include conducting daily inspections of each facility, collecting and depositing parking revenues on a daily basis, cleaning and maintaining each facility, and providing related customer service activities to parking facility customers. SP Plus Corporation (formerly Central Parking Systems, Inc.) has provided parking operation services at the City’s parking facilities since 2006. The current Agreement expires on June 30, 2018.

## **ANALYSIS**

In 2017, the Finance Department released a Request for Proposal (RFP) for Parking Garage and Surface Lot Management Services through the City’s e-procurement system. A total of 85 companies viewed the RFP, and five proposals were received by the proposal deadline as listed below:

- Ameripark (Marietta, GA)
- Imperial Parking, LLC (San Francisco, CA)
- LAZ Parking, LLC (Emeryville, CA)
- Parking Concepts, Inc. (Los Angeles, CA)
- SP Plus Corporation (Chicago, IL)

***Evaluation Team:*** The proposals were evaluated by a three-member team from the Department of Transportation. Proposals were independently evaluated and scored by each team member.

***Minimum Qualifications:*** Staff determined all proposals were responsive and met the initial pass/fail review of the stated minimum qualifications.

***Experience (25% weight):*** The evaluation team evaluated the proposers’ experience including number of years providing parking facility maintenance, operation, and janitorial services;

quality of references; staff qualifications; project approach; and experience working with public agencies.

**Technical Capabilities (45% weight):** The evaluation team conducted a thorough review of each company’s technical proposal for management approach criteria, including but not limited to: a safety and training program, operations management, a maintenance plan, revenue handling, janitorial services, reporting, customer service, and annual staffing plan.

**Cost (20% weight):** Cost proposals were opened and scored at the conclusion of the technical proposal evaluation. Proposers were required to submit a comprehensive cost proposal that included all maintenance, operations, janitorial services, and reimbursable expenses.

**Local and Small Business Preference:** In accordance with City policy, ten percent of the total evaluation points were reserved for local and small business preference. Imperial Parking, LLC, LAZ Parking, LLC, and SP Plus Corporation requested and were granted consideration for the local business preference. The preference was not a factor in either the shortlisting for oral presentations or in the award of contract.

**Oral Presentations:** The top two proposers, LAZ Parking, LLC and SP Plus Corporation, were invited to participate in the oral presentations. Technical capability evaluations were rescored based on the oral presentations. Representatives from Team San José and the Downtown Parking Board were invited to participate and observe the presentations and provide feedback to the evaluation team.

**Best and Final Offer (BAFO):** Following the oral presentations, a Best and Final Offer was issued to SP Plus to make clarifications to the City’s requirements and obtain pricing.

The evaluation results are summarized in the table below:

<u>Evaluation Criteria</u>	<u>Max Points</u>	<u>SP Plus Corporation (Chicago, IL)</u>	<u>LAZ Parking, LLC (Emeryville, CA)</u>
Technical Capabilities	45	35	25
Experience	25	21	18
Cost	20	17	12
Local Business Preference	5	5	5
Small Business Preference	5	0	0
<b>TOTAL</b>	<b>100</b>	<b>78</b>	<b>60</b>

**Award Recommendation:** Staff recommends award of contract to SP Plus Corporation. The evaluation team unanimously agreed that their proposed solution was the most advantageous and the best value to the City. SP Plus scored highest overall, meeting or exceeding all of the RFP specifications. Their solution was rated superior in the following key areas:

May 29, 2018

**Subject: Report on Request for Proposal for Parking Garage and Surface Lot Management Services**

Page 4

- Extensive experience and expertise in the management, maintenance, and operation of large private and municipal portfolios containing a similar mix of parking garages and surface lots to the City's portfolio.
- Track record of successful accounts and superior customer service as validated through reference checks (see below references).
- Comprehensive and innovative management and staffing approach to ensure continuous operation and maintenance of the parking facilities.
- Thorough training program to ensure well-qualified and cross-trained personnel.

Staff conducted comprehensive reference checks with the City of Anaheim (CA), the City of Denver (CO), and the City of Fresno (CA). All references checked positive.

The Agreement includes a detailed scope of services for management, maintenance, operations, and janitorial services at the City's parking facilities. Annual compensation includes fixed pricing for management fees, maintenance, janitorial costs, and variable reimbursable expenses covering items such as payroll and benefits, utilities, operational supplies, and routine facility equipment repair and maintenance, paid monthly in arrears. The Agreement also includes an annual not-to-exceed amount of \$500,000 to reimburse the contractor for supplemental services, such as staffing for special events beyond normal operations, and other enhanced services as required.

The Agreement is subject to the City's Prevailing/ Living Wage Policy.

SP Plus may request adjustments to the compensation rates on each one-year anniversary during the initial five-year term of the agreement, plus any one year options to renew the agreement after the initial term. Any such requests must be justified by the vendor, are subject to approval by the City, and shall not exceed 3% annually, except to reflect an increase to the City's Living/Prevailing Wage that is greater than 3%.

**Protest:** The RFP process included a ten-day protest period that commenced when Proposers received the City's Notice of Intended Award. No protests were received.

### **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

### **PUBLIC OUTREACH**

This item will be posted on the City's website for the June 19, 2018, City Council Agenda.

**COORDINATION**

This memorandum has been coordinated with the Department of Transportation, the Department of Public Work's Office of Equity Assurance, the City Attorney's Office and the City Manager's Budget Office.

**FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's 2018-2019 Operating Budget City Service Areas Delivery Framework for Performance-Driven Government for Operational Services: 1) Provide safe and secure transportation systems, and 2) Preserve and improve transportation assets and facilities.

**COMMISSION RECOMMENDATION/INPUT**

DOT staff briefed the Downtown Parking Board regarding the procurement of the parking operation services at the Board's October 4, 2017 meeting. The Board was supportive of the proposed agreement with SP Plus.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION (5-year initial term):	<b>\$20,579,580</b>
2. COST ELEMENTS:	
<b>Year 1 Costs</b>	
Base Management Fee	\$361,601
Janitorial Services	501,240
Reimbursable Expenses	2,753,075
Supplemental Services	500,000
	<b>Year 1 Costs subtotal</b>
	<b><u>\$4,115,916</u></b>
<b>On-going Annual Costs</b>	
-Year 2	\$3,615,916
-Year 3	3,615,916
-Year 4	3,615,916
-Year 5	3,615,916
	<b>Ongoing Annual Costs subtotal</b>
	<b><u>\$14,463,664</u></b>
<b>On-going Supplemental Services (not to exceed amounts)</b>	

May 29, 2018

Subject: Report on Request for Proposal for Parking Garage and Surface Lot Management Services

Page 6

-Year 2	\$500,000
-Year 3	500,000
-Year 4	500,000
-Year 5	500,000
<b>Ongoing Supplemental Services subtotal</b>	<b>\$2,000,000</b>
<b>GRAND TOTAL</b>	<b><u>\$20,579,580</u></b>

3. SOURCE OF FUNDING: General Purpose Parking Fund (Fund 533)

4. FISCAL IMPACT: After the initial five-year term, ongoing maintenance and repair services may be adjusted annually. Increases shall not exceed 3% annually, or the percentage adjustment to the City's Living and/or Prevailing Wage, whichever is greater.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract and contingency costs recommended as part of this memorandum. Ongoing annual costs are subject to the annual appropriation of funds.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Recommendation	2018-2019 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
533	0512	Non-Personal/Equipment	\$7,946,496	\$4,115,916	X-44	N/A

\*The FY 2018-2019 Proposed Operating Budget is scheduled to be approved by Council on June 12, 2018 and adopted on June 19, 2018

**CEQA**

Not a Project, File No. PP10-066 (a) Agreements and Contracts.

/s/  
JULIA H. COOPER  
Director of Finance

For questions, please contact Jennifer Cheng, Finance Deputy Director, at (408) 535-7059.