



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Transportation

Meeting Date: March 20, 2023

Report #:2302-1015

TITLE

Amendment No. 1 to Contract with LAZ Parking (C20176367) for Residential Preferential Parking (RPP) Program Parking Enforcement to Extend Term two years through February 2025 with no additional funds; CEQA status – categorically exempt (Regulation 15321 enforcement actions).

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or their designee to execute the attached Contract Amendment No. 1 to extend contract C20176367 with Laz Parking for Residential Preferential Parking Enforcement through February 2025.

EXECUTIVE SUMMARY

Significant cost savings have been achieved throughout the contract thus far, providing the opportunity to extend and renew the current services through early 2025 without increasing the existing \$2,322,285 contract limit. These cost savings in RPP enforcement is due to 1) the suspension of enforcement activities related to Covid-19 impacts in the last three contract years and 2) the adoption and transition to automated license plate recognition enforcement and related modified staffing plans.

BACKGROUND

Residential Preferential Parking Program

The City actively addresses city-wide parking and transportation challenges using a strategic, multi-faceted approach focused on parking management, parking supply, and transportation demand management programs. Parking management strategies have included the development of a city-wide Residential Preferential Parking (RPP) ordinance. The established program limits non-permit holder parking to two hours during program hours to ensure short-term daily parking opportunities for visitors and guests. The RPP programs in their configuration are the result of a multi-year process that has included business and resident stakeholder engagement with city staff. Program development has included deliberations on enforcement

hours, program boundaries, permit prices, and employee permit allocation. These comprehensive processes have represented a significant City effort to ensure neighborhood parking availability. RPP districts have thus far been established in the residential areas of Downtown Palo Alto, Evergreen Park-Mayfield, Southgate, and Old Palo Alto. The program relies upon contracted LAZ Parking enforcement services to enforce program signage and permit requirements.

LAZ Parking (operating as Serco at the time) - Selected After a competitive RFP Process in 2019

The City of Palo Alto's Office of Transportation staff developed a Request for Proposals (RFP) to receive proposals from firms that could implement the desired parking enforcement program in a timely manner for the City. The RFP did not specify the number of enforcement officers being requested; rather, the City invited proposers to visit the RPP Districts and make a proposal based on their experience with similar programs.

The RFP was issued in October 2019 and proposals were due on Monday, November 18, 2019. The City received the following three (3) responses to the RFP:

- Ace,
- Republic Parking System, and
- Serco, Inc. (now LAZ Parking)

As specified in the RFP, the evaluation of the proposals was conducted by City staff using the following criteria:

- Quality and completeness of the proposal;
- Quality, performance and effectiveness of the solution, goods and/or services to be provided by the Proposer;
- Proposer's experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity;
- Cost to the city;
- Proposer's financial condition and stability;
- Proposer's ability to perform the work within the time specified;
- Proposer's prior record of performance with City or other local, county or state agency;
- Proposer's ability to provide future maintenance, repairs parts and/or services; and
- Proposer's compliance with applicable laws, regulations, policies (including City Council policies), guidelines and orders governing prior or existing contracts performed by the contractor.

All committee members indicated that they were in unanimous agreement that based on an evaluation of relevant experience, proposed staffing approach, and proposed technologies, the proposal submitted by Serco (LAZ Parking) demonstrated the most complete understanding of the City's RPP program. Upon vendor selection, and in subsequent additional contract

negotiations, the City has secured the basis of contract terms presented in this current report and originally approved by Council in March 2020 ([CMR #10874](#)), with minor updates added in the renewal terms, reflecting underlying cost increases reasonable to area cost of living increases.

As part of their services, LAZ is responsible for the recruitment of enforcement personnel, background checks and screening, final selection, and initial and ongoing training of staff. Training will include permit enforcement, issuance of citations, marking vehicles, customer service, and codes and ordinances related to parking enforcement in the area. Additionally, LAZ provides all personnel with uniforms, badges, ID tags, and transportation, including bicycles and clean vehicles. The employees are LAZ employees and not employees of the City of Palo Alto. The Office of Transportation manages this contract to ensure that LAZ representatives are meeting program goals in terms of enforcement. LAZ Parking has been a communicative, flexible, and accountable partner. City staff unequivocally support extending their contract term to provide enforcement services and the cost savings their efforts have helped create.

ANALYSIS

The contract amendment will extend the existing contract with LAZ Parking for continued RPP parking enforcement. This contract amendment does not need additional funds because of reduced RPP parking enforcement during the COVID-19 pandemic. The amendment will use the remaining contract balance to fund approximately two more years of service (or whenever the contract balance is used up, whichever comes first).

FISCAL/RESOURCE IMPACT

The table below summarizes the contract budget amount for each year of the three (3) year contract versus the amounts paid to the vendor per year. The significant difference in expense is attributed to the effects of COVID-19 and the Council adoption of ALPR enforcement, resulting in significant savings in the parking citation services provided by LAZ.

Table: Contract Actuals versus Budgeted

	Years 1: 3/24/2020- 3/23/2021	Years 2: 3/24/2021- 3/23/2021	Years 3: 3/24/2022- 3/23/2023	Total
Budgeted amount (per contract)	\$748,672	\$771,132	\$802,481	\$ 2,322,285
Actuals (services invoiced by vendor and paid by City)	\$149,544	\$316,328	\$298,633	\$ 764,505
Savings to be assigned forward for use in years 4 & 5 of the contract	\$599,128	\$454,804	\$503,848	\$ 1,557,780

Staff recommends extending the current contract for an additional two (2) years, making the contract with LAZ a five (5) year contract. The unspent amount of \$1,557,780 shown in the table would fund years four (4) and (5), up to the value of the existing not-to-exceed amount. Actual yearly cost depends on actual hours of enforcement, which can vary. The not to exceed amount would remain the same, at \$2,322,285.

It should be noted that the RPP fund does not operate at full cost recovery. Since FY 2014 approximately \$1.4 million in General Fund subsidies have been required to maintain financial solvency of the RPP Fund, including a subsidy of \$680,000 in FY 2020. In order to continue to support program operations and service levels, including the costs of this contract in subsequent years, additional revenue and/or General Fund support via a subsidy to the RPP Fund will be required. This will be discussed and addressed through the FY 2024 budget process.

The minor increases in cost for enforcement in the RPP areas are due to underlying area increases in labor and materials. Labor costs in the new contract are 7% higher than the last amendment of the prior contract, and each subsequent year of the new contract, the cost of labor has risen by 3%. Efficiencies achieved by the adoption of Automated License Plate Recognition technology, and the resulting updated staffing plans, though, provide the opportunity to extend this contract without increasing its not to exceed contract amount.

STAKEHOLDER ENGAGEMENT

Office of Transportation staff are in regular communication with RPP program customers and receive input and feedback from constituents on an ongoing basis, and can report that LAZ enforcement staff are fair professionals and a welcome addition to the City's transportation sphere.

ENVIRONMENTAL REVIEW

The proposed actions are not a project under the California Environmental Quality Act (CEQA). In the event the proposed actions are deemed a project under CEQA, they are exempt under CEQA regulation 15321 (Enforcement Actions by Regulatory Agencies).

ATTACHMENTS

Attachment A - Amendment No. 1 to Contract C20176367 with LAZ Parking for RPP Parking Enforcement to Extend Term two years through February 2025 with no additional funds

APPROVED BY:

Philip Kamhi, Chief Transportation Official