

TRANSPORTATION COMMITTEE REPORT relative to a Los Angeles Department of Transportation (LADOT) contract with SP Plus Inc., dba SP Plus Municipal Services, to provide meter coin counting and collection services.

SUBMITS WITHOUT RECOMMENDATION the following recommendation of the City Administrative Officer (CAO) (Bonin, Koretz: Yes; Krekorian: No):

AUTHORIZE the General Manager, LADOT, to execute the agreement with SP Plus Inc., dba SP Plus Municipal Services, to provide meter coin counting and collection services for a term of five years at a cost of \$14,886,700.92, with an option to extend the agreement for four years for an additional \$12,700,000.00.

Fiscal Impact Statement: The CAO reports that this action will not impact the General Fund. Funding for the first year of this project was included in the City's adopted Fiscal Year (FY) 2014-15 budget in the Special Parking Revenue Fund, and future years will be budgeted on an annual basis. The total cost of the contract over nine years is estimated to be \$27.6 million. The above recommendations comply with City financial policies in that sufficient special fund revenues are available and eligible for this purpose.

Community Impact Statement: None submitted.

## SUMMARY

In a report to the Mayor dated April 16, 2015, the CAO states that LADOT requests authority to enter into an agreement with SP Plus to provide meter coin counting and collection services for the City of Los Angeles. The CAO reports that the scope of work for the proposed agreement includes both coin counting and coin collection services. The City of Los Angeles has contracted with Serco, Inc. for meter collection since 1995. The current agreement expired on September 30, 2010. Both the City and Serco have mutually agreed to extend the term through December 31, 2014 with additional month-to-month options through September 30, 2015 while LADOT completes the process for awarding a new agreement.

The City workers that perform the coin counting function consist of six maintenance laborers. If the proposed agreement is approved, these workers would be absorbed within LADOT and will not experience a reduction in wages or benefits. City employees responsible for the supervision and oversight will remain to continue to oversee both functions.

According to the CAO, parking meter revenue has increased significantly since FY 2009-10 due to an increase in parking rates, extension of metered hours, and upgrades of parking meters to new technology capable of accepting credit cards. In the last three years, the frequency of meters collected however has decreased by approximately 10%, due to credit card payments. LADOT believes the frequency of collection will continue to be reduced as credit card payments rise.

On September 17, 2012, LADOT released a Request for Proposals (RFP) for meter collections and coin counting functions. The RFP was a best value procurement, not a low bid procurement, meaning both price and non-price qualifications were considered. The CAO report details how the bids were evaluated.

The CAO goes on to report that SP Plus specifically stood out in the project approach with their presentation of technology that will allow LADOT to monitor collector performance, to obtain an exact count of meters collected, and to report any broken meters in real-time. This technology was not offered by the other two RFP proposers. Additionally, SP Plus offered a substantial technology and equipment upgrade to the coin counting room, along with new and customized collection vehicles, totaling over \$1.27 million. SP Plus proposed a 30-day transition period for the collection operation, and a 270-day transition for equipment replacements and coin room security upgrade. The RFP evaluation committee recommended SP Plus for the contract award. The CAO concurs with this recommendation.

At its meeting held April 22, 2015, the Transportation Committee discussed this matter with representatives of the CAO, City Attorney, and LADOT. Department staff stated SP Plus is a better value. The company's superior technology and vehicle cameras will allow LADOT to audit collection records including the time and dates meters are opened and closed, and the amount of revenue collected. SP Plus's proposal enables LADOT to modernize its parking meter collection system.

During the public comment period, representatives of SP Plus urged the Committee to approve the CAO's recommendation. It was stated that SP Plus's best and final offer was submitted in accordance with RFP guidelines. A representative of Serco stated that the RFP should be re-released inasmuch as two and one half years have passed since it was released. It was suggested that the City would receive a better price due to changing market conditions.

LADOT's representative stated that coin meter payments have fallen, thereby reducing the frequency by which the contractor will need to collect coins from meters. In 2011, 11 percent of parking meter payments were made with credit cards. In 2014, over 50 percent of payments were made with credit cards. The City Attorney's representative stated that the RFP includes language that anticipates technology advances and the increased use of credit cards. According to staff, re-releasing the RFP could result in bids with increased costs for this service. It was further stated that a new RFP would take approximately 18 months to release and evaluate.

Councilmembers Bonin and Koretz voted yes to recommend approval of the CAO's recommendation to authorize LADOT to execute the contract with SP Plus. Councilmember Krekorian voted no, indicating that it is not known whether this contract is still the best market value for the City of Los Angeles at this time.

Respectfully Submitted,

TRANSPORTATION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BONIN:	YES
KORETZ:	YES

LABONGE: ABSENT  
PARKS: ABSENT  
KREKORIAN: NO

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**