

AGENDA REPORT

Resolution: Approve and Authorize the Executive Director to Execute Parking Management Agreements with Douglas Parking, LLC for Self-Parking Services and with Valet Hospitality Services – Jack London Square, LLC for Valet Parking Services for Various Port-Owned Parking Facilities in Jack London Square for a Term of Three (3) Years with Two (2) One-Year Options, for an Amount Not to Exceed \$10,438,861. (CRE)

MEETING DATE: 02/22/2018

AMOUNT: \$10,438,861 (for five years)
Operating Expense

PARTIES INVOLVED: Douglas Parking, LLC
David Douglas, Owner

Valet Hospitality Services – Jack London Square, LLC
Liz Gallagher, President

SUBMITTED BY: Pamela Kershaw, Director of Commercial Real Estate

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

In December 2017, the Port of Oakland (“Port”) issued a Request for Proposals (“RFP”) for both self-parking and valet parking operations for various Port-owned parking facilities in Jack London Square. Based on the proposals received and evaluated, staff requests approval and authorization from the Board of Port Commissioners for the Executive Director to execute Parking Management Agreements with Douglas Parking, LLC (“Douglas”) for self-parking services and Valet Hospitality Services – Jack London Square, LLC (“VHS”) for valet parking services. The proposed term for each parking management agreement is three (3) years with two (2) one-year options.

BACKGROUND

The Commercial Real Estate Division manages various parking facilities within Jack London Square, including two (2) garage structures, one (1) surface parking lot, metered street parking, and valet parking services. A map indicating the location of these facilities is attached as **Exhibit A**. There are currently approximately 1,309 parking stalls in Jack London Square area that are owned by the Port. All of these existing facilities are currently managed

by Douglas for self-parking and VHS for valet services under two separate Parking Management Agreements (“Agreements”) which were approved by the Board in 2013.

In anticipation of the current Agreements expiring on March 31, 2018, staff issued a RFP on December 8, 2017 to solicit proposals from qualified parking operators to manage these various Port-owned parking facilities in Jack London Square. The RFP is accessible online at <http://www.portoakland.com/wp-content/uploads/17-18-18-complete-JLS-Parking-Management-Services.pdf>. Proposals were due on January 16, 2018. Staff disseminated the RFP in several ways including:

- Port website listing and distribution to local Chambers of Commerce
- RFP advertised in the Oakland Tribune
- Directly emailed to parking operators with known interest in managing Port-owned facilities in JLS, including those certified with the Port
- Directly emailed using the GovDev system to local chambers of commerce, community based organizations, and sister agencies.

Prospective respondents were provided with the opportunity to submit separate proposals for self-parking and valet parking or a combined proposal for both self-parking and valet parking.

ANALYSIS

On January 16, 2018, five respondents submitted proposals in response to the RFP. To evaluate the proposals received, a four-person Evaluation Committee (“Committee”) was formed, comprised of staff from the Commercial Real Estate Division, Aviation Division, and Finance Division, with staff from the Social Responsibility Division observing and evaluating respondents for local participation and Port certification purposes. All five of the responses received were evaluated and interviews were conducted with each responder. The evaluation resulted in the following ranking of the proposals:

Rank	Proposers	Location	Certified LIA/LBA *	Self-Parking	Valet Parking
1	Douglas Parking	Oakland, CA	Yes	Yes	N/A **
1	Valet Hospitality Services	Walnut Creek, CA	No	N/A **	Yes
2	ABM Parking Services	San Francisco, CA	No	Yes	Yes
3	City of Oakland Parking Partners	Oakland, CA	No	Yes	Yes
4	LAZ Parking	Oakland, CA	Yes	Yes	Yes

* LIA - Local Impact Area: Oakland, San Leandro and Emeryville; LBA - Local Business Area: Alameda and Contra Costa Counties.

** Douglas Parking and Valet Hospitality Services have not submitted proposals for Valet Parking and Self-Parking respectively.

The rankings above reflect the Committee's evaluation of each proposal based on criteria set forth in the RFP, as listed below:

Item	Criteria	Weights
1	<i>Adherence to Port Policy and Other Requirements and Debarment Statement</i>	Pass/Fail
	Completion of forms attached to the RFP	
2	<i>Minimum Qualifications Requirements</i>	Pass/Fail
	Demonstrate required experience operating public parking facilities and computerized/networked revenue control systems similar in size and complexity.	
3	<i>Company Information, Client References, Litigation and Other Information, and Required Forms</i>	10%
	Company Information, Litigation Information, Past Performance, Resources and Key Personnel	
4	<i>Knowledge and Experience</i>	20%
	Examples of providing the Services including experience at parking facilities similar in size and complexity	
5	<i>Plan and Approach (including Transition Plan)</i>	20%
	Detail of proposed operations plan, marketing and business intelligence capability.	
6	<i>Proposed Management Fee Worksheet</i>	35%
	Fee Proposal including profit/overhead, general manager proposed salary, premiums on required insurance coverages and Workers Compensation rates	
7	<i>Non-Discrimination and Small Local Business Utilization Policy</i>	15%
	Evaluation of companies that have provided substantiating documentation to prove they meet the Port's definition of Small Local Business, and award qualifying companies up to the maximum 15 points.	
	TOTAL	100%

Scores and Options: After review and analysis of each written proposal and the oral presentations at the interviews, the Committee determined that each of the proposers have considerable experience and knowledge of parking operations and could perform the proposed service appropriately, however the proposed costs, management fee structure, and participation points awarded pursuant to the Port Non-Discrimination Small Local Business Utilization Policy ("NDSLBU") were the areas in which the scores varied the most among the respondents. The attached **Exhibit B** summarizes the scores for each proposal, broken down

by two potential options, either two separate contracts for the self-park and valet operations (Option 1), or a combined contract for both self-park and valet parking operations (Option 2). If the Port selects Option 1 with two separate parking operators managing the self-park and valet parking operations, the combination of Douglas Parking for self-parking and VHS for valet parking earned the highest scores based on the evaluation of operating plans, experience, proposed financial terms for the Port, and participation in the NDSLBP. If the Port selects Option 2, with a single parking operator managing both self-park and valet services, then ABM Parking Services earned the highest score.

Financial Impacts of Option 1 versus Option 2: The attached **Exhibit C** provides a table comparing the financial impact to the Port of the bids for both Option 1 and Option 2. While the Port currently generates a significant positive cash flow from its parking operations overall in Jack London Square each year, in prior years the valet services component was subsidized by the Port, as revenues received are less than the operational costs of providing this more labor intensive service. As indicated in **Exhibit C**, the combined teams of Douglas Parking for self-parking operations and VHS for valet services under Option 1 provides the Port with the most beneficial financial package, improving the Port's financial position by approximately \$464,000 over the three (3) year term of the agreement when compared to Option 2.

The largest variance between Option 1 and Option 2 is due to the differences in the proposed valet parking operations. Under Option 1, VHS has proposed paying the Port a variable amount ranging between \$20,000 and \$30,000 annually, contingent on the number of cars utilizing the valet service, while VHS would retain all revenues and absorb all costs associated with the operation of valet services. Thus, VHS's valet proposal will improve the Port's financial position by at least \$140,000 annually through a combination of eliminating any Port costs to operate the valet services and by generating income from the valet operations itself to remit to the Port. Also under Option 1, the recommended operator of the self-park facilities, Douglas Parking, would be reimbursed for all expenses for operating the facility while the Port would retain all revenues generated from the parking operation.

Under Option 2, the Port would select one single operator to perform both self-park and valet parking services, and ABM Parking Services was the highest scoring proposer if Option 2 is pursued. ABM Parking Services has proposed that the Port collect all revenues from parking and reimburse the operator for all expenses related to both valet and self-park operations, plus a management fee. As indicated in the attached Exhibit C, under Option 2 the Port would not receive as favorable a financial benefit from parking operations as it would under Option 1. Thus, staff is recommending that Option 1 be selected as the preferred approach, using two separate operators for self- parking and valet parking, as is currently in place in Jack London Square.

Workforce Issues: Employees of the current parking operators providing these services in Jack London Square are represented by Teamsters Union, Local No. 853. Each firm that submitted proposals to operate the Port's parking facilities indicated their intention to comply with all RFP criteria, including the Labor Peace Rule requirements and worker retention provisions provided in the RFP. The successful proposer(s) are required to submit to the Port an executed Labor Peace Agreement(s) within 21 days after receiving a notice of award.

Conclusions: Based on the analysis above, staff recommends that the Port proceed with selecting the team of winning proposers under Option 1, which includes self-parking managed by Douglas Parking and valet parking managed by VHS, subject to both proposers executing all contract documents in a timely manner, and pursuant to the criteria listed in the RFP. However, pursuant to the terms of the RFP, both Douglas Parking and VHS are required to submit a copy of a fully executed Labor Peace Agreement and execute the respective Parking Management Agreements within 21 days after receiving a notice of award. If either the Labor Peace Agreement or the Parking Management Agreements are not executed and submitted to the Port within the required timeframes, then staff recommends that the Port proceed instead with selecting ABM Parking Services as the winning proposer under Option 2 for both self-parking and valet parking operations in Jack London Square, subject to the same time limitations referenced above, in order to avoid a delay in the provision of this important parking operations service to customers in Jack London Square.

BUDGET & STAFFING

The proposed approval of Parking Management Agreements with Douglas Parking and VHS will increase the cost to the Port by approximately \$47,000 annually above recent operating expenses for this service due primarily to a higher management fee proposed by Douglas Parking. However, due to the timing of implementation of this contract on April 1, 2018, the increase for the remaining portion of the current FY18 is approximately \$11,724 above what was adopted in the FY 18 operating expense budget for CRE. Parking operations expenses vary year to year due to negotiated employee labor contracts and repair/maintenance costs for the parking equipment, but are included and anticipated in the annual operating budget approved by the Board each year. It is anticipated that the total costs for these parking operating expenses will not exceed \$10,438,861 over the total potential five year term of these contracts.

The proposed action will have no impact on staffing as the existing property is currently managed by existing CRE Division staff.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Plan:

Goal B: Maintain and Aggressively Grow Core Businesses

- Goal B: Objective 1: Retain existing customers and tenants.

Goal D: Improve the Port's Financial Position

- Goal D: Objective 1: Improve cash position and debt service coverage ratio (DSCR)

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this matter because tenancies outside of the Aviation and Maritime areas with entities that do not principally provide aviation or maritime services are excluded from the Living Wage Regulations.

ENVIRONMENTAL

CEQA Determination: The proposed approval of the parking management agreements has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines, Article 19, Section 15300.4, which exempts the execution of leases or agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing. Approval of the proposed parking agreements falls within this class of exemptions. No additional environmental review is required to take the action recommended in this Agenda Report.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required. This site is under City of Oakland Zoning jurisdiction, but a City determination is only necessary when or if alterations are proposed.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by this Agenda Report as they are not capital improvement construction projects.

OPTIONS

1. Approve the proposed Parking Management Agreements under Option 1 with the highest scoring proposers of Douglas Parking, LLC providing self-parking operations and with Valet Hospitality Service – Jack London Square, LLC providing valet parking services, as described in this agenda report. This is the recommended option.
2. Approve a Parking Management Agreement with an alternative proposer for provision of both self-parking and valet parking services, which will result in less advantageous financial terms for the Port; or

3. Do not approve the proposed Parking Management Agreements with any of the proposers and direct staff to reject all bids for this service, which will also require an extension of the existing parking management agreement contracts in order to continue the provision of these services until a new agreement(s) is approved.

RECOMMENDATION

Based on the analysis provided in this Agenda Report and in the specific proposals submitted by the proposers who responded to the RFP, staff recommends that the Port award the Parking Management Agreements to Douglas Parking, LLC for self-parking services and to Valet Hospitality Service – Jack London Square, LLC for valet parking services, as the winning proposers under Option 1, for a total amount not to exceed \$10,438,861 over the potential five year terms, and that both proposers be required to submit a copy of both a fully executed Labor Peace Agreement and the Parking Management Agreement to the Port pursuant to the timeframes described within the RFP. However, if either the Labor Peace Agreements or the Parking Management Agreements are not executed and submitted to the Port within the timeframes stated in the RFP, then staff recommends that the Port proceed instead to award the Parking Management Agreement to ABM Parking Services, as the winning proposer under Option 2, for both self-parking and valet parking operations in Jack London Square, subject to the same time limitations stated in the RFP, and that, if necessary, the existing Parking Management Agreements in place for Jack London Square be extended for a thirty days to allow for execution of these documents.

Attachments:

Exhibit A – Site Map of Premises

Exhibit B – Criteria and Score for Each Qualified Proposer

Exhibit C – Comparative Financial Analyses of Option 1 and Option 2

EXHIBIT A – SITE MAP



EXHIBIT B
Criteria and Score for Each Qualified Proposer

OPTION 1 - TWO SEPARATE CONTRACTS - SELF-PARK AND VALET

	Co Info, Forms, References		Knowledge and Experience		Plan and Approach		Financial Terms		NDSLBP		TOTAL	
	10 Points Max		20 Points Max		20 Points Max		35 Points Max		15 Points Max		100 Points Max	
Operator	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet
Valet Hospitality Services	N/A	9.25	N/A	19.50	N/A	18.25	N/A	35.00	N/A	0.25	N/A	82.25
Douglas Parking	8.25	N/A	18.00	N/A	17.75	N/A	32.40	N/A	9.75	N/A	86.15	N/A
ABM Parking	8.75	8.75	19.25	19.25	18.50	18.50	35.00		0.00	0.00	81.50	46.50
City of Oak Parking Partners	8.50	8.50	18.25	18.25	17.50	17.50	20.34		1.25	1.25	65.84	45.50
LAZ Parking	8.75	8.75	17.75	17.75	17.75	17.75	10.83		9.25	9.25	64.33	53.50

OPTION 2 - ONE CONTRACT FOR BOTH SELF-PARK AND VALET OPERATIONS

	Co Info, Forms, References		Knowledge and Experience		Plan and Approach		Financial Terms		NDSLBP		TOTAL	
	10 Points Max		20 Points Max		20 Points Max		35 Points Max		15 Points Max		100 Points Max	
Operator	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet	Self-Park	Valet
ABM Parking		8.75		19.25		18.50		35.00		0.00		81.50
City of Oak Parking Partners		8.50		18.25		17.50		16.21		1.25		61.71
LAZ Parking		8.75		17.75		17.75		4.06		9.25		57.56

EXHIBIT C
Comparative Financial Analyses of Option 1 and Option 2

Expense / Income Description	OPTION 1		OPTION 2	
	Self-Park	Valet	Self-Park	Valet
	Douglas	VHS	ABM Parking Services	
Worker's Comp Expense	(18,792)	0	(54,000)	
Liability Insurance Expense	(4,560)	0	(18,288)	
Management Fee and GM Salary	(138,553)	0	(102,144)	
Operational Savings to the Port		122,216		
Estimated Income to the Port		20,000		
	(161,905)	142,216	(174,432)	

Financial Impact by Option for Year 1	(19,689)	(174,432)
Financial Impact - 3 Year Term	(59,067)	(523,296)
Financial Impact - 5 Year Term (with Options)	(98,445)	(872,160)