



Office of the City Manager

CONSENT CALENDAR  
February 23, 2021

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Liam Garland, Director, Department of Public Works  
Subject: Contract No. 112783-1 Amendment: LAZ Parking LLC for Managing City-Owned Off-Street Parking Facilities

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 112783-1 (Contract No. 10413A in FUND\$) with LAZ Parking, LLC, a parking management company, to provide management services for the Telegraph Channing, Oxford, and Center Street Garages, extending the term to December 31, 2022 and increasing the contract amount by \$3,556,756 for a total not-to-exceed of \$11,089,951.

FISCAL IMPACTS OF RECOMMENDATION

Funding for the duration of the contract amendment is available in the FY 2021 Parking program budget and programmed into baseline budgets for FY 2022 and FY 2023. Funding in FY 2022 and FY 2023 for this contract is subject to appropriation in each fiscal year in the Off-Street Parking Fund (Fund 627).

The General Fund commitment to overall parking operations support via the \$3.24 million allocation of Excess Equity approved in the Adjustment to the Annual Appropriations Ordinance on December 15, 2020 ensures contract funding for the remainder of the FY 2021 is available via the Off-Street Parking Fund. FY 2022 and FY 2023 contract funding has been part of Public Works fiscal projections for the Off-Street Parking Fund and has been programmed and projected to be available. Monthly costs (and revenues) are expected to rise as additional garage capacity returns in September 2021, concurrent with the planned resumption of in-person instruction at UC Berkeley.

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|-------------------------------|--------------|
| Current contract amount ..... | \$ 7,533,195 |
| Amended contract amount ..... | \$ 3,556,756 |
| Total NTE                     | \$11,089,951 |

**Amendment Costs by Facility**

| Parking Facility          | Total Amendment Cost | FY 2021 Cost (2 months) | FY 2022 Cost (12 months) | FY 2023 Cost (6 months) | Average Monthly Cost |
|---------------------------|----------------------|-------------------------|--------------------------|-------------------------|----------------------|
| Center Street Garage      | \$2,065,764          | \$140,000               | \$1,245,214              | \$680,550               | \$103,288            |
| Oxford Garage             | \$296,105            | \$0                     | \$183,005                | \$113,100               | \$14,805             |
| Telegraph Channing Garage | \$1,194,887          | \$104,940               | \$714,923                | \$375,024               | \$59,744             |

**CURRENT SITUATION AND ITS EFFECTS**

LAZ Parking provides management, custodial, security, and limited maintenance services for the Telegraph Channing, Oxford, and Center Street Parking Garages. These “all inclusive” activities include all aspects of day-to-day operation of the three facilities.<sup>1</sup> The City’s current contract with LAZ Parking expires September 30, 2021.

The City’s contract with LAZ provides 10% contingency funding to cover ancillary costs associated with parking garage operations, like replacement parts. This flexibility allows the City to be able to purchase necessary equipment so the operation can continue without service interruptions. Unfortunately, this contingency budget was expended faster than anticipated. During the Center Street Garage reconstruction, certain finishing details related to parking operations were not included in the capital project budget. Items such as wheel stops and upgraded signage were funded via the LAZ contract. LAZ also purchased the parking guidance system installed at Oxford Garage.

Due to the pandemic, demand at the City’s three garages has fallen. As a cost savings measure, the City has reduced capacity at Center Street and Telegraph Channing Garages by 60%, and these facilities close early at 8pm. Oxford Garage has been closed entirely since mid-March 2020. These service reductions have saved the City approximately \$117,000 per month. However, as a result of the unforeseen capital expenditures, the City has already reached the current contract NTE and is unable to fund parking operations through the end of the contract term.

The recommended contract amendment is necessary to continue operations during the pandemic and would allow the City to resume full capacity over the next several months

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<sup>1</sup> Activities include hiring staff to operate the garages for up to 17 hours per day, opening and closing the garages; conducting bookkeeping and record keeping; facilitating purchases of essential supplies like paper tickets as well as other replacement parts such as gate arms; and hiring security and janitorial staff.

as parking demand strengthens this fall with increased vaccinations and the return of UC Berkeley in-person instruction in September 2021.

Staff will continue to monitor parking demand as the pandemic subsides. Extending the contract term through December 31, 2022 will allow staff time to fully analyze COVID-19 financial impacts and/or changes in parking demand and issue a Request for Proposals (RFP) for the next multi-year parking management contract.

#### BACKGROUND

In September 2016, after a competitive Request for Proposals process, the City entered into a five-year contract with LAZ Parking, LLC to provide parking management, operations, and associated services for the City's three off-street parking facilities and the Berkeley Way Lot while the Center Street Garage was being reconstructed.<sup>2</sup>

#### ENVIRONMENTAL SUSTAINABILITY

As part of the goBerkeley demand-responsive parking program, the City's three parking garages play an important role in improving parking availability and reducing congestion in the Downtown Berkeley and Southside/Telegraph areas.

#### RATIONALE FOR RECOMMENDATION

The City is taking action to minimize costs under the pandemic. Temporary measures include closing the Oxford Garage, and reducing operating hours and capacity at the Center Street and Telegraph Channing Garages. Despite these measures, additional funding is urgently needed to keep parking garages operational due to premature depletion of the contract budget. Though the contract amendment calls for funding at full capacity, the City will continue to apply cost savings measures if demand remains low. City staff also need additional time to conduct a full RFP process for the parking garage management company, which typically takes at least a year including contracting procedures. Pandemic parking demand is highly changeable, and a more stable economy will help staff gauge what services the City will need for the next multi-year contract for LAZ Parking's possible successor.

Additionally, from July 2019 through February 2020, the City's three parking garages generated nearly \$358,000 per month in gross revenue. LAZ Parking manages the day-to-day operations of these facilities, allowing the City to collect this revenue and support the City's current and future fiscal health.

#### ALTERNATIVE ACTIONS CONSIDERED

If this contract amendment is not approved, funding will be unavailable for operating the City's parking garages beginning in May 2021. The City is unable to conduct daily operations activities on its own. Closing these facilities would result in loss of revenue, risking the fiscal health of programs and bond payments reliant on this funding.

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<sup>2</sup> September 27, 2016 City Council Meeting Agenda: <https://bit.ly/3sJ8jTp>

Reducing the amount and/or duration of the contract amendment has minimal effect on the overall cost. This option would also put undue stress on staff trying to conduct a full RFP process under constrained timelines while facing increasing parking demand as the local economy improves.

CONTACT PERSON

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Danette Perry, Manager, Parking Services (510) 981-7057

Attachment:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 112783-1 AMENDMENT: LAZ PARKING LLC FOR MANAGING  
CITY-OWNED OFF-STREET PARKING FACILITIES

WHEREAS, the City of Berkeley owns and operates three off-street public parking facilities; and

WHEREAS, the City of Berkeley is currently under contract with LAZ Parking, LLC to operate and maintain these facilities under an “all inclusive” scope of services; and

WHEREAS, FUND\$ Contract No. 10413 was executed October 1, 2016 as authorized by Resolution No. 67,689-N.S., was subsequently amended on August 1, 2017 to include additional Payment Card Industry (PCI) Compliance information, and will expire September 30, 2021; and

WHEREAS, the existing contract budget was prematurely expended due to unanticipated costs related to the Center Street Garage construction project, and funding is needed to continue to provide access to functional off-street parking facilities throughout the duration of the contract; and

WHEREAS, extending the contract term until December 31, 2022 will allow staff adequate time to conduct an RFP process for a possible successor management company; and

WHEREAS, funding for the duration of the contract amendment is available in the FY 2021 parking program budget and programmed into baseline budgets for FY 2022 and FY 2023, and funding in FY 2022 and FY 2023 for this contract is subject to appropriation in each fiscal year in the Off-Street Parking Fund (Fund 627).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or City Manager designee is authorized to execute an amendment to Contract No. 112783-1 with LAZ Parking, LLC to provide management services for Oxford Garage, Telegraph Channing Garage, and Center Street Garage, increasing the contract amount by \$3,556,756 for a total not-to-exceed of \$11,089,951, and extending the contract term to December 31, 2022.

