

# FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Ron Geason/PBOT Business Services		2. Telephone No. 503-823-6188	3. Bureau/Office/Dept. PBOT/Business Services
5a. To be filed (hearing date): January 12, 2010	5b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		4. Date Submitted to Commissioner's office and FPD Budget Analyst: December 30, 2010

**1) Legislation Title:** \*Award a five year contract with Central Parking System for Parking Garage Management Services with anticipated gross revenues to the City of over \$66,000,000 for the five year contract period (Ordinance)

**2) Purpose of the Proposed Legislation:** To actively manage the current parking garage portfolio consisting of the 6 City owned parking garages.

**Revenue and/or Expense:**

Is ALL the Revenue and/or Expense a part of the current year's budget? Yes ☒ No ☐  
 SAP COST OBJECT No(s): \_\_\_\_\_ then go to Step #5.  
 If NO, complete Steps 3 & 4. For modifications to budgets, identify/discuss only the changes to the budget.

**3) Revenue:**

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source. Yes, it is anticipated that gross revenue to the City will be approximately \$50,000,000 for the five year contract period and as an incentive based contract, the City stands to gain 97.5 percent of every dollar received in excess of the established threshold for each parking garage. It is anticipated that increased revenues will be gained over the life of the contract due to operational cost savings, efficiencies, and technology upgrades.

**4) Expense:**

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? The City will receive net revenues based on gross revenues minus operational expenses plus a management fee. The anticipated operational expenses will be \$10,340,000 and the negotiated management fee will be \$660,000 for the five year contract.

**Staffing Requirements:**

**5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation**  
 No additional City staffing is required for this request

**6) Will positions be created or eliminated in future years as a result of this legislation?** This action does not impact future City staffing levels.

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

**7) Change in Appropriations** (If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. If the appropriation includes an interagency agreement with another bureau, please include the partner bureau budget adjustments in the table as well. Include the appropriate cost elements that are to be loaded by the Grants Office and/or Financial Planning. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

KK 12-30-10

Susan D. Keil

APPROPRIATION UNIT HEAD SUSAN D. KEIL, Director, Bureau of Transportation



# CITY OF PORTLAND

## OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor  
Kenneth L. Rust, Chief Administrative Officer  
Jeffrey B. Baer, Director, Bureau of Internal Business Services

Christine Moody  
Chief Procurement Officer  
Procurement Services  
1120 S.W. Fifth Avenue, Rm. 750  
Portland, Oregon 97204-1912  
(503) 823-5047  
FAX (503) 823-6865  
TTY (503) 823-6865

DATE: January 12, 2011  
TO: Mayor Sam Adams  
FROM: Christine Moody, CPO

### FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison \_\_\_\_\_

RE: \*Award a five year contract with Central Parking System for Parking Garage Management Services with anticipated gross revenues to the City of over \$66,000,000 for the five year contract period (Ordinance)

1. INTENDED THURSDAY FILING DATE: January 6, 2011
2. REQUESTED COUNCIL AGENDA DATE: January 12, 2011
3. CONTACT NAME & NUMBER: Christine Moody ~ 823-1095
4. PLACE ON: ☐ CONSENT ☒ REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: ☒ Yes ☐ No ☐ N/A
6. ONE (1) ORIGINAL OF CONTRACT "APPROVED AS TO FORM" BY CITY ATTORNEY ATTACHED: ☐ Yes ☐ No ☒ N/A

184360

### 7. BACKGROUND/ANALYSIS:

In ORS 223.835, the Portland City Council has the legislative authority to set parking rates and regulate the uses of the garage system. The Portland Bureau of Transportation (PBOT) is responsible for managing and maintaining all official business, operations and records for the City of Portland's (City) six parking garages which total 3,825 spaces within the Smart Park® parking portfolio. PBOT is charged with overseeing the operations and management of the garage system in a manner that is financially sound while support the economic vitality of the City by providing economical short-term affordable parking that primarily meets the short-term needs of shoppers, visitors and business customers, maximizing revenues through various marketing activities, and prudently managing cost.

A Request for Proposal (RFP) No. 112050 was issued September 24, 2010 for the City's Parking Garage Management Services and three proposals were received. Proposals were reviewed, evaluated and scored in accordance with Portland City Code 5.33. RFP written evaluation criterion included project team (10 pts), proposer's capabilities (15 pts), project understanding and approach (25 pts), proposed cost (35 pts) and diversity in employment and contract requirements (15 pts). Oral interviews included the following criterion: financial forecast assumptions (35 pts), project approach and understanding (35 pts), diversity in employment and contract requirements (15 pts), and references (15 pts). Central Parking, Inc. (Central) was selected as the highest scoring respondent receiving 355 points out of a total possible 400 points (100 pts. X 4 evaluators).

**Legal issues** - none known

**Controversial issues** – Two local respondents, Star Park and City Center Parking have previously been awarded the contract for Parking Garage Management Services over the past decade. Central is headquartered in Nashville, Tennessee with some Portland lots presently under their management and control. For purposes of this agreement, Central Parking has entered into a joint partnership with the Independent Development Enterprise Alliance, a wholly owned minority business enterprise.

*An Equal Opportunity Employer*

*To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.*

**Citizen participation** – The RFP evaluation committee was comprised of Michael Jacobs (former parking garage manager for the City of Vancouver), William Palmer, (downtown businessman), James Richman (owner of a downtown CPA firm), James Louie (downtown restaurant owner), Don Gardner (a consulting engineer and retired PBOT engineer); and Kathleen Cunha from AKT was the financial technical advisor for the proposed cost section of the RFP.

**Link to current city policies** – none

**Other governmental participation** – none

**8. FINANCIAL IMPACT:**

This contract will be funded by receipts from the City's six (6) parking garages. Net revenue to the City will be based upon actual revenue minus operating expenses and management fees which can fluctuate based upon the usage of the garages. The gross revenues of the City's portfolio of garages are anticipated to be in excess of \$66,000,000 for the five (5) year contract period. Operational expenses are budgeted to be \$9,700,000; management fee costs are budgeted to be \$970,000.00 with anticipated net revenues to the City to be approximately \$55,000,000 for the five year period.

The agreement will have a minimum monthly fee of \$750.00 per parking garage managed by the contractor plus an incentive fee which will be equal to 3.5% of the monthly operating surplus in excess of the operating surplus for fiscal year 2009-2010. During the term of this agreement, the base fee shall be increased annually on each anniversary date of this agreement by two percent (2%).

**9. RECOMMENDATION/ACTION REQUIRED:**

Authorize the award of a five year based contract with Central Parking, Inc. for parking garage management services.