TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: POLICE

DATE: AUGUST 5, 2002

CMR:351:02

SUBJECT: APPROVAL OF AMENDMENT TO CONTRACT #C2133010 BETWEEN THE CITY OF PALO ALTO AND THE CITY OF INGLEWOOD TO INCREASE THE CONTRACT AUTHORITY FOR PARKING CITATION PROCESSING SERVICES FOR THE FIRST YEAR BY $22,600 AND TO SET THE AMOUNT OF THE CONTRACT FOR EACH SUBSEQUENT YEAR OF THE AGREEMENT IN AN AMOUNT NOT TO EXCEED $55,000

RECOMMENDATION

Staff recommends that the City Council 1) authorize the City Manager to execute the attached amendment to Contract #C2133010 with the City of Inglewood for parking citation processing that increases the contract amount by $22,600 to a maximum of $77,000 for the first year; 2) authorize the amount each subsequent year of the agreement in an amount not to exceed $55,000.

BACKGROUND

Since 1992, and as a result of two separate request for proposal (RFP) processes, the City has had an agreement with the City of Inglewood for the processing of parking citations. During the last RFP process in 2001, three vendors submitted proposals. The City of Inglewood submitted the only proposal that met the criteria that had been established for selection. The criteria included the vendor’s experience, ability to provide on-line Department of Motor Vehicle services, ability to track and update parking violations from the City’s administrative review process, the ability to meet the City’s cash handling procedures, the provision of an audited financial statements, and cost to provide services. As a result, on August 6, 2001, Council approved a multi-year agreement with the City of Inglewood and authorized the City Manager to renew the contract for up to four consecutive one-year terms (CMR:314:01). While Council approved funding in the amount of $55,000, the amount was inadvertently not included on the agreement.
DISCUSSION

The initial amount of the agreement was based on the actual number of parking citations processed in the previous year. Process costs for parking citations are calculated on a per cite basis. However, during FY 2001-02, the Police Department issued significantly more parking citations compared to the previous year, largely due to the addition of a new Parking Enforcement Officer. As a result, the costs associated with the first year of the agreement have exceeded the original estimate of $54,400 by $22,600.

Police Department staff worked with the Purchasing Division to increase the contract authority to cover additional costs; however, a misunderstanding by staff about City procedures resulted in this contract amendment coming to Council’s attention after the closing of the 2001-02 fiscal year budget. Staff is recommending that Council approve an additional $22,600 in expense for the first year of the agreement. Funding is available in the Police Department’s operating budget, as a result of the cancellation of a contract for the attendant parking lot.

At the time the contract was presented to Council for approval, the recommendation was for authorization for the first year of the contract in the amount of $54,400. However, no mention was made of the amount for subsequent years in the event staff elected to extend the terms of the contract. To further complicate matters, the contract document for the first year was silent as to the “amount not to exceed.” Staff is recommending that Council approve an amount not to exceed $55,000 for each of the subsequent years.

RESOURCE IMPACT

Funds in the amount of $22,600 for the increased contract authority for the first year amendment are available in the Police Department’s 2001-02 budget. Since the fiscal year closing is in progress, staff is holding the funds pending Council approval of this contract amendment. As the table below indicates the revenue associated with parking citations for FY 01-02 was $120,000 more than the originally budgeted $1,400,000.
<table>
<thead>
<tr>
<th></th>
<th>Parking citations issued</th>
<th>Revenue generated</th>
<th>Contract expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>44,610</td>
<td>$1,181,162</td>
<td>$53,826</td>
</tr>
<tr>
<td>2000-01</td>
<td>53,341</td>
<td>$1,348,076</td>
<td>$59,664</td>
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<tr>
<td>2001-02</td>
<td>55,420</td>
<td>$1,521,720</td>
<td>$76,753</td>
</tr>
</tbody>
</table>

Staff will be closely monitoring parking citation activity in the second year of the agreement and will return to Council as part of the mid-year to increase the contract authority and add funding, if needed. At that time, staff will be better prepared to estimate the 2002-03 year-end costs for parking citation processing.

**POLICY IMPLICATIONS**

This report does not represent any change to existing City policies.

**ENVIRONMENTAL REVIEW**

This program is not a project as defined by the California Environmental Quality Act (CEQA) and is not subject to CEQA requirements.

**ATTACHMENTS**

Attachment A: Contract Amendment
Attachment B: CMR:314:01

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CITY MANAGER APPROVAL:

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