



City of Palo Alto

City Council Staff Report

(ID # 9005)

Report Type: Consent Calendar

Meeting Date: 3/5/2018

Summary Title: Amendment 4 to Contract for Valet Parking Services with SP+

Title: Approval of Amendment Number 4 o Contract Number C14152025 With SP Plus for Valet Parking Services, Extending the Term of the Contract to December 31, 2018 with No Additional Cost to the City

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that Council approve Amendment Four to Contract C14152025 with SP Plus to extend the term of the contract for valet parking at Downtown garages from March 2, 2018 to December 31, 2018 with no additional cost to the City.

Background and Discussion

The City is engaged in a number of parking management programs to improve parking utilization and maximize parking supply. As part of these efforts, the City entered into a contract with SP Plus aimed at maximizing utilization of existing parking supply downtown by using a valet-assist program. The current valet-assist program allows for up to 75 additional cars to be parked with no increase in capital investment. Valet parking also allows the City to maximize permit sales by overselling lots to a greater degree than would otherwise be practical.

The valet program is conducted by SP Plus under Contract C14152025. The existing valet program is staffed by valet attendants stationed on the top level of Lot R (the High Street Garage) and Lot S/L (the Bryant/Lytton Garage). When the permit spaces at the garage are nearing capacity, the attendants use signage to direct permit parkers to park in the drive aisle and leave their key with the attendant. Prior to beginning the program, occupancy was at capacity during the midday peak parking hours. Valet assist allows the City to oversell permits and fully utilize stalls in high demand garages when fully occupied. With valet's currently assisting in parking 45 to 70 cars on a typical weekday, the City can safely oversell these permits and expand parking capacity. Staff estimates that the City has been able to release

approximately 150 additional permits for sale because of the current valet assist program.

The original contract was for \$300,000 to provide valet service at the High Street garage between University Avenue and Hamilton Avenue for a period of three years.

Amendment One of the contract (City Manager's Report ID# 5685) increased the contract amount to \$997,652 to allow the City to expand valet parking service to three additional garages: Civic Center, Cowper/Webster, and Bryant/Lytton over the same three year term. However, due to logistical and operational issues, valet service has been suspended at Cowper/Webster and has not been deemed feasible at Civic Center. Currently, only the High Street Garage and the Bryant/Lytton Garage have valet services in operation and spending under this contract is currently about \$20,000 per month.

Amendment Two of this contract extended the term by six months to September 2017, but did not increase the total contract amount.

Amendment Three of the contract (City Manager's Report ID# 8507) extended the valet program by extending the end term to March 2018 and again, did not increase the contract amount. The third amendment was intended to provide sufficient time for staff to re-bid an adjusted valet program. This work has taken longer than expected and staff is now requesting Amendment Four of the contract to continue the valet program by extending the end term again to December 2018.

Further extension is feasible without additional cost to the City because spending on this contract has been less than anticipated, leaving sufficient capacity in the contract for another ten-month extension. During the extension, staff will be evaluating the service and issuing a new RFP.

As noted in a response to City Council questions when Amendment Three was approved, customers do not pay valets to park cars under this program; it is a free service to permit holders, who currently pay \$730 per year for a parking permit. In terms of the City's costs, as noted above, the monthly cost of this program is about \$20,000. Valets are currently parking about 45-70 cars per day on average (with Friday's consistently being the lowest). This equates to about \$14-\$22 per car, however this calculation (\$20,000 for 20 weekdays at 45 to 70 cars = \$14-\$22 per car) does not account for the additional revenue available to the City because the valet service generally allows the City to sell more garage permits (i.e. to reduce the waiting list for permits). Staff estimates that the current valet program allows the City to sell an additional 150 garage parking permits.

Policy Implications

The valet-assist program is consistent with current Comprehensive Plan Goals, Policies, and Programs:

- Policy T-5.2 Continue to implement a comprehensive program of parking supply and demand management strategies citywide to optimize the use of existing parking spaces.
- Program T5.2.3 Implement Council-adopted recommendations from the parking management study for the Downtown area, which address the feasibility of removing color-coded parking zones, and dynamic pricing and management policies to prioritize shortterm parking spaces closest to the commercial core for customers, garage parking for employees and neighborhood parking for residents.
- Policy T-5.3 Work with merchants when designating dedicated employee (long term) parking areas in public parking lots and garages.
- Policy T-5.5 Minimize the need for employees to park in and adjacent to commercial centers, employment districts and schools.
- Policy T-5.11 Work to protect residential areas from parking impacts of nearby businesses and uses, recognizing that fully addressing some existing intrusions may take time.

Resource Impact

The Fiscal Year 2018 Adopted Operating Budget for University Avenue Parking Permit Fund includes sufficient funding for the balance of this contract. As noted above, the contract provided \$997,652 for three years of valet services at multiple garages and has been extended previously without additional costs because valet services and monthly expenditures have been less than originally anticipated. Based upon Staff analysis of expenditures to-date and expected costs to the end of the contract term, no additional funds are required for the ten months of additional services covered under this contract extension.

Timeline

Staff implemented the valet parking programs in late summer 2015 and this contract amendment continues the service through December 31, 2018. At the time this staff report was prepared, the contractor had not yet signed the extension in Attachment A, however their representative had informed staff that they will agree to continue the service.

Environmental Review

The proposed action would implement operational changes at existing garages and is exempt from review under the California Environmental Quality Act (CEQA) under Class One (CEQA

Guidelines Section 15301, Existing Facilities) and because it can be seen with certainty that the proposed action to incrementally increase garage capacity via operational changes could not have a significant effect on the environment (CEQA Guidelines Section 15061(b)(3), the “general rule”).

Attachments:

ATTACHMENT A - C14152025 Amendment No. 4 (PDF)

**AMENDMENT NO. 4 TO CONTRACT NO. C14152025
BETWEEN THE CITY OF PALO ALTO AND
SP PLUS CORPORATION**

This Amendment No. 4 to Contract No. C14152025 (“Contract”) is entered into March 5, 2018, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and SP PLUS CORPORATION, a Delaware corporation (“CONSULTANT”).

RECITALS

A. The Contract was entered into between the parties for the provision of the operation of a Parking Attendant Program at the Lot R Parking Garage on High Street between University Avenue and Hamilton Avenue.

B. The CITY intends to extend the term to December 31, 2018 from March 2, 2018.

C. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 2 TERM, is hereby amended to read as follows:

“SECTION 2. TERM. The term of this Agreement shall be from March 3, 2014 through December 31, 2018, unless terminated earlier pursuant to Section 19 of this Agreement.”

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

CITY OF PALO ALTO

SP PLUS CORPORATION

APPROVED AS TO FORM: