



DATE: JUNE 2, 2020

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - APPROVE FIRST AMENDMENT
TO OPERATING AGREEMENT NO. 17-3505 WITH PARKING
CONCEPTS, INC.**

SUMMARY:

Staff requests approval of the First Amendment to Operating Agreement 17-3505 (Amendment) with Parking Concepts, Inc. (PCI) to add Berth 46 and any other lots owned by the City of Los Angeles Harbor Department (Harbor Department) to the premises managed, operated, and maintained by PCI as may be designated by the Harbor Department during periods of need. The Amendment will also allow PCI to manage the Liberty Hill Plaza parking area serving the Harbor Administration Building, the Port of Los Angeles Boys and Girls Club, and WorldTots LA, once parking gate arms and ticket-dispensing machines have been installed. Securing the Liberty Hill Plaza lot will provide increased parking spaces for Harbor Department staff relocating back from the Pacific Place (Topaz) office building.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
3. Approve the First Amendment to Operating Agreement No. 17-3505 with Parking Concepts, Inc.;
4. Direct the Board Secretary to transmit the First Agreement to the City Council for approval pursuant to Section 606 of the City Charter;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment upon approval of the City Council; and
6. Adopt Resolution No. _____.

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DISCUSSION:

Background – The Board granted Operating Agreement No. 17-3505 (Agreement) to PCI for a five-year term, effective September 22, 2017 to September 21, 2022, with one five-year renewal option.

The Agreement is primarily for the operation and management of the World Cruise Terminal parking facility (Cruise Terminal parking facility) for Berths 91-92 and 93, Catalina Channel Express, Inc. and the Pacific Battleship Center (USS Iowa). There are approximately 2,600 parking spaces under management at these adjacent facilities. The Agreement also has provisions to manage off-site lots during Harbor Department special events where guests typically park for a period of two to six-hour periods, with no overnight parking.

- I. Berth 46 (and other lots as may be designated as premises for cruise passenger parking).

The proposed Amendment (Transmittal 1) will allow Berth 46, and/or any other lots as designated by the Harbor Department to be utilized and managed by Operator when there is a need for additional cruise parking facilities or long-term parking. The terms and conditions for Berth 46 with regard to PCI's operation and compensation will be according to its Agreement, with parking fees as indicated in Tariff No. 4 (currently \$19/day maximum and \$20/day beginning June 1, 2020), and PCI receiving a percentage of the gross receipts.

As a result of the global developments regarding the coronavirus, the cruise industry is taking preemptive measures to protect the health and safety of guests and crews. It can be anticipated that cruise vessels may need to dock at Berth 46. Having an operating system in place for long-term parking will ensure more efficient operations when these and other emergency needs arises, such as when an unexpected turnaround third berthing occurs (a cruise that starts and ends at the Port of Los Angeles). The additional parking coverage will also allow the Harbor Department to take advantage of any new cruise opportunities that may arise and that require parking services at Berth 46 and other lots. Additional overnight and long-term parking coverage at Berth 46 and other designated lots will be in accordance with the Agreement and parking fees will be per Tariff No. 4. Prior to the designation of a parking area(s) as premises for additional long-term parking, PCI and Harbor Department will mutually determine the resources required to secure the lot(s), which may include fencing and other security costs. Such expenses are subject to approval by the Harbor Department's Executive Director or designee, as well as subsequent changes.

At the time the PCI Agreement was drafted, it was contemplated that there would be use of offsite parking lots for special events and for short-term parking during the day, and no overnight parking. For operating these parking lots, PCI was to be paid on an hourly basis, with no participation in the gross receipts.

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The compensation indicated in Agreement 17-3505 Section VIII (B) are \$24 per hour/attendant, with a minimum of four hours per shift, and payment for a roving supervisor at \$30 per hour for every five employees.

This Amendment will allow PCI and the Harbor Department to mutually determine the resources required to secure the lot(s) under Exhibit F for short-term event parking, which may include fencing, signage, and/or security guards. Such expenses are subject to approval by the Harbor Department's Executive Director or designee, as well subsequent changes. At the conclusion of the parking event, but no later than 15 days of the month following the parking event, PCI shall submit invoice for review and approval of payment for any personnel and material expenses incurred.

Similar to the procedure in place under the Operating Agreement, PCI will be issuing date-stamped parking tickets, collecting payment, remitting all revenue from the designated Premises, less parking occupancy tax. PCI shall remit the parking occupancy tax to the City of Los Angeles in accordance with the PCI's standard procedure as indicated in the Agreement.

II. Liberty Hill Plaza parking lot (LHP parking lot)

The LHP parking lot is for the use of employees and guests with official business at the HAB (425 S. Palos Verdes), Port of Los Angeles Boys & Girls Club, and WorldTots LA (100 W. 5th Street). Currently, although there is signage limiting use of the parking lot to only those with permits, other non-permitted users are known to use the parking area. With the pending consolidation of Harbor Department staff back to the Harbor Administration Building from the Pacific Place (Topaz) office building, the LHP lot will need to be secured to allow for increased staff parking.

With the expected completion in 2020 of the mixed-use development (550 S. Palos Verdes Street) across from LHP parking lot, it is anticipated that demand for parking in the general area will significantly increase. The LHP parking lot will be turned into a paid parking lot, equipped with a ticket dispenser and gate arm, as well as a payment station. Parking fees for the general public will reflect current rates under Tariff No. 4. It is the aim that the parking fees will dissuade those without official business at the Harbor Department from using the lot. Should the need arise, the Harbor Department may limit parking during office hours to only those with official business. No significant revenue is expected to be generated from the LHP parking lot.

The Harbor Department will be installing a compatible type of parking ticket dispenser with a gate arm, and pay station equipment that PCI currently uses at the Cruise Terminal. The proposed Amendment will add the LHP parking lot to the areas under the parking operator's responsibility for operation and maintenance. For a fixed monthly fee of \$455.00, the Amendment will allow PCI to manage the site per month and handle any issues arising from the operation of the parking equipment.

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Harbor Department employees will have a key card to get in and out of the parking lot, while contractors, vendors, and guests with official business may secure parking validation at the lobby for use of the parking lot that is over an hour. The rest will be subject to the required parking fees.

The Harbor Department will continue to be responsible for any custodial, structural repair, and maintenance of the lot such as trash removal, slurry sealing, painting, etc. Use of the charging stations for electric vehicles will continue to be available for public use, however, the user will be responsible for appropriate charges for parking.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to Operating Agreement 17-3505 with Parking Concepts, Inc. (PCI) to add Berth 46 and any other lots owned by the City of Los Angeles Harbor Department to the premises operated by PCI, and to allow PCI to manage the Liberty Hill Plaza parking area, which is an activity involving continuing administrative, maintenance and personnel-relate activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Amendment will add Berth 46, Liberty Hill Plaza, and other Harbor Department-owned lots to the premises managed, operated, and maintained by PCI as may be designated by the Harbor Department during periods of need.

PCI's fees for maintaining additional premises, excluding Liberty Hill Plaza, will be unchanged from the fee structure currently in place at existing premises. PCI will issue date-stamped parking tickets, collect payment, and remit all revenue from designated premises, less the City of LA parking occupancy tax and if applicable PCI's percentage of gross receipts on a monthly basis. For managing Liberty Hill Plaza, PCI will receive a fixed fee of \$455.00 per month, or \$5,460.00 annually. In addition, at Liberty Plaza, the Harbor Department will install a parking ticket dispenser with gate arm and pay station equipment similar to that currently used by PCI at the Cruise Terminal.

Total costs associated with these Liberty Hill improvements are anticipated to be \$615,000.00, inclusive of both soft project management costs, as well as hard construction costs. Funding for construction of the Liberty Hill parking lot improvements in the amount of \$431,538.00 has been programmed within Account 54510 (Capital Construction Services), Center 1003, Program 000 within the proposed FY 2021 Capital Budget.

Funding for the annual management fee in the amount of \$5,460.00 will be required after the improvements have been constructed and will be requested as part of the annual budget process in future years.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the First Amendment to Operating Agreement No. 17-3505 as to form and legality.

TRANSMITTAL:

1. First Amendment

FIS Approval: MB
CA Approval: SP

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