



Date: July 18, 2005

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: PAY PARKING AGREEMENT

RECOMMENDATION

- A. THAT the Board approve the award of the contract to manage its pay parking operations to Ideal Parking Inc. dba Central Parking System, for a second five year term, commencing December 1, 2005.*
- B. THAT the management fee be set at 6% of the parking revenues collected and Ideal Parking Inc. be entitled to retain 100% of parking violation fines collected.*
- C. THAT, where applicable, Ideal Parking Inc. be authorised to recover from parking violation recipients the fee charged by ICBC for providing vehicle owner information.*
- D. THAT no legal rights shall arise and no consents, permissions or licenses are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.*
- E. THAT once the form of all legal documentation has been approved by the General Manager and Director of Legal Services for the City of Vancouver, the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*

BACKGROUND

Pay parking was introduced in the Board's parking lots in the mid 1970s. Initially, it was limited to a few areas in the West End, the Fish House Restaurant and Vanier Park. By 1994, pay parking was in effect throughout Stanley Park, and at Queen Elizabeth Park, Kitsilano Beach, Burrard Marina and the Beach Avenue loops. Since then, the Jericho Beach lots and the parkades at the Roundhouse and Coal Harbour Community Centres have been added.

The Board uses the services of a parking management company to operate its pay parking lots. Imperial Parking Limited (Impark) managed the lots until mid 1995 when, following a Request For Proposals process, U-Park Enterprises Ltd (U-Park) was awarded a five year contract. The agreement with U-Park originally expired on June 10, 2000 and was extended to November 30, 2000 to change the potential date of transfer to a new operator to a less busy time of the year.

In 2000, the Board issued a Request For Proposals (RFP) for the five year period December 1, 2000 – November 30, 2005, with the option of a second term of up to five years. Following an extensive review and selection process, the Board awarded the pay parking agreement to Ideal Parking Inc, dba Central Parking System (CPS).

CPS supplies, installs and maintains all pay station equipment and signage at its own expense, collects the parking revenue from the pay stations, remits it to the Board, and provides parking enforcement and related services. It receives a management fee of 4.61% of the parking revenues. CPS also retains all of the parking violation fines it collects.

The current operating agreement with CPS for management of the Board's pay parking includes the following clause:

“The Park Board will have the option, after negotiation with the Operator, of offering a second term of up to five years to the Operator for the operation of the Parking Facilities”

DISCUSSION

Consideration was given as to whether the City of Vancouver's Parking Operations and Enforcement Branch could take over management of the Board's facilities and provide the Board with both financial returns and service similar to, or better than, an outside operator. City staff prepared projections based on offering the Board equivalent services to those to be provided under a proposed second term with CPS, under similar financial arrangements (the City would receive 6% of the parking revenues and 100% of the violation fine revenues). Staff had a number of discussions and meetings with City staff in the course of the City's review, to ensure all relevant factors were taken into account. Staff also reviewed the final projections. After extensive discussions, the City Engineer came to the conclusion that there was no good business case for the City to take over management of the Board's pay parking.

The RFP issued in 2000 included a draft of the operating agreement, with the above noted clause in it regarding the potential second term of up to five years. All companies who submitted proposals in the 2000 RFP process were aware that they were in a position to submit their proposals on the basis of a total term of potentially 10 years, which would allow them to amortise their start up and equipment costs over that longer period.

Staff are satisfied with CPS's performance to date and are recommending that CPS be offered a second term of five years. CPS management have worked well with Board staff and has been responsive to requests. CPS's staff have demonstrated an understanding of the need to be parking ambassadors rather than to aggressively enforce parking. The Board receives very few customer complaints. The current pay station equipment has functioned well and downtime is minimal.

Proposed Terms of Second Five Year Agreement with CPS

Staff have negotiated a management fee of 6% of parking revenues with CPS, for a second five year term, from December 1, 2005 to November 30, 2010. Based on estimated average annual parking revenues of \$3.5 million, this 1.39% increase in fee over the current rate of 4.61% will result in total additional management fees paid to CPS over the second five year term of approximately \$243,000.

CPS has committed to installing all new pay station equipment in the Board's lots within the first few months of the start of a second five year term, for a cost to CPS of over \$500,000. This new equipment will have updated components and may include options such as pay by space. Staff believe that these upgrades will both enhance the Board's revenues and offer ease of use to customers with the potential of options which can be tailored to different customer needs in different lots.

Where a violation is unpaid and CPS has to request an ICBC search to obtain vehicle owner information, ICBC charges a fee to CPS, which is currently \$6.50 + GST. Under the current agreement, CPS has to absorb that fee. Under the new agreement, CPS would be allowed to charge this cost back to the relevant customer. This will only impact customers who receive a violation and do not pay it. Parking violation rates are currently \$25 + GST, increasing to \$50 + GST after seven days. Including this ICBC charge, the new escalated rate would be \$56.50 + GST.

CPS's investment in this new pay station equipment will exceed the additional revenues that it will receive over the term of the agreement as a result of the increased management fee and the recovery of the ICBC search fee.

Other than the above noted items, there will be no substantial changes to the terms of the current agreement.

Finance Committee

At its meeting on July 18, 2005, the Board's Finance Committee reviewed the proposed award of a second agreement term to CPS under the terms noted above and recommend it to the Board for approval.

SUMMARY

CPS has been a responsive operator and has provided good service in the Board's parking lots. Both the current agreement and the RFP issued in 2000 contemplate a second term of up to five years. The terms negotiated for this proposed second term are acceptable to CPS.

Prepared by:

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