



Attachment A:
Staff Response to City Council Inquiry

CITY OF DURHAM | NORTH CAROLINA

Date: February 1, 2015

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Transportation Director

Subject: Response to City Council Inquiry Regarding August 6th City Council Work Session Agenda Item 23: Citizen Matter

Executive Summary

During the City Council Work Session on Thursday, August 6, 2015, a request for information was generated from Mayor Pro-Tempore Cole Mc-Fadden in regards to item #23 on the agenda – “Citizen Matter- Jeaneen Nunn-Thomas regarding removing the parking company from the contractors”. City staff was asked to provide an analysis of the operational cost comparisons, including an assessment of employee benefit levels and compensation provided by the contractor in comparison with City of Durham employee levels.

Recommendation

The Department is providing this item for informational purposes only.

Background

The City is required to operate, manage and provide maintenance for its off-street parking program as well as to provide parking enforcement, citation processing, citation processing and collections, adjudication services, and management of six Controlled Residential Parking Areas for its on-street parking program. The Department of Transportation’s Division of Parking System Management, specifically, is currently tasked with the day-to-day oversight of off-street and on-street parking programs.

The FY2003 Adopted Budget assumed that the outsourcing of the City’s off-street parking program would result in a savings of approximately \$300,000. This savings was achieved by deferring capital maintenance and reducing operating expenditures. The FY2003 Budget also eliminated the civilian parking enforcement unit by reallocating function responsibility to the Police Department.

On May 17, 2002, the Property and Facilities Management Department (presently General Services) issued a Request for Proposal (RFP) for interested firms to provide professional parking management services for the operation of City parking facilities (Off-Street Parking). The RFP was issued in an effort to determine whether financial savings assumed for off-street parking could be realized. Subsequently, on July 3, 2002, the City issued an addendum to the original RFP adding parking enforcement to the scope of work.

On July 17, 2003, the City executed a contract with Central Parking Services for the management of the City’s Off-Street Parking Program and Parking Enforcement. During the contract transition period, Human Resources attempted to place the full-time City employees who were employed in the parking division in other City positions or with Central Parking

Services. Further, Central Parking agreed to provide an offer of employment for all current employees at current wages provided they pass a standard background check.

In July 2008, the City entered into a three-year contract with Lanier Parking Systems (LPS) of North Carolina, Inc. to operate, manage and provide maintenance for its off-street parking program, consisting of the Chapel Hill, Corcoran, and Church Street parking garages, and all City-owned surface lots. Additionally, LPS is contracted to provide parking enforcement, citation processing and adjudication for the City's on-street parking program. Simultaneously, in July 2008, the City also executed a three (3) year contract agreement with Craig Davis Properties (CDP Durham Parking Management Agreement) to operate, manage, and provide maintenance of the Durham Centre parking garage. In May 2009, the City and CDP Durham mutually agreed to terminate the CDP Durham Parking Management Agreement. Subsequently, the City amended the Parking Management Contract with LPS to incorporate the operations, management, and maintenance of the Durham Centre parking garage. On December 16, 2010, the contract was reassigned under a new name, Lanier Parking Systems of Durham, LLC (LPS).

In July 2011, the City executed a three-year contract extension renewal with LPS. The contract extension term with LPS expired on July 20, 2014. Staff recommended that the contract be amended before the contract expired and extended for the period of July 1, 2014 – June 30, 2015. The contract amendment incorporated on and off street parking management services in the Ninth Street area as a result of the City Council's approval of a parking lot lease with CPGPI Regency Erwin on February 17, 2014 that became effective March 1, 2014. Due to recommendations cited in the Downtown Parking Study, the contract amendment expanded on-street parking services in the following areas: American Tobacco, Bright leaf, and Central Park. In addition, the contract amendment incorporated additional security of one security officer roaming all parking garages from 12:00 am – 5:00 am (standard time), 2:00 am – 7:00 am (daylight savings time). The inclusion of the additional areas and additional security is achieved with additional citation revenue and negotiation of cost savings with Lanier Parking.

On November 3, 2014, the City of Durham issued a Request for Proposals (RFP) to provide professional parking system management services for the operation of the City's Off-Street and On-Street Parking Programs. Four firms, Lanier Parking Solutions, SP+ Municipal Services, LAZ Parking, and Republic Parking Systems, Inc., submitted proposals.

On February 4, 2015, the Parking RFP Review Team consisting of representatives from Downtown Durham, Inc., American Tobacco Campus, Durham Convention and Visitors Bureau, EOE, OEWD, Finance, Technology Solutions and General Services reviewed each proposal and interviewed the four firms. Based on the outcome of the finalist presentations, an evaluation team of City staff conducted site visits on February 19 and 20, 2015. Further, City staff interviewed the proposed subcontractors on February 25, 2015 and the proposed project managers on February 26, 2015. Upon the completion of the review process and interviews, the RFP Selection Committee recommended that the City enter into an Agreement with Republic Parking Systems. On June 15, 2015, the City executed a three-year contract with Republic Parking Systems.

Issues and Analysis

City staff analyzed the minimum workforce and compensation levels for the parking contract employees. The department has confirmed that the contractor, Republic Parking System,

pays all of the workers who will be performing on the City of Durham contract pay rates which equal or exceed the current livable wage of \$12.53 per hour. A copy of the Compensation Analysis is provided as Attachment A.

City staff analyzed the employee benefit levels offered to all workers who will be performing on the City of Durham contract. A copy of the benefits analysis is provided as Attachment B.

Staff analyzed the Benefit Enrollment periods for Republic Parking in comparison to the enrollment vesting periods for City staff. A copy of the Benefit Enrollment Periods is provided as Attachment C.

After conducting a cost analysis, staff has determined that the City would realize an annualized cost increase of approximately \$76,832.47 to transition the current parking contract staff to City employment. Further, the City would incur one-time set-up costs of approximately \$27,182 during the first year for technology-related expenses. A cost analysis is provided as Attachment D for your consideration.

Alternatives

1. The City Council may choose to continue outsourcing the parking management contract with Republic Parking Systems pursuant to the Agreement.
2. The City Council may choose not to continue outsourcing the parking management contract at the conclusion of the three year contract period and direct staff to return the off-street and on-street parking management duties to the Department of Transportation. This option will require the hiring of the existing and possible additional staff to carry out the work, operating funds to support the function.
3. The City Council may elect to terminate the current management contract with Republic Parking Systems effective August 31, 2016.

Financial Impact

The total cost of the contract for parking management services with the recommended firm for the three year contract period is \$5,346,572.26. In addition to the proposed fixed fee, an estimated cost for special events in the amount of \$165,501 has been added based upon hourly rate reimbursement proposed by Republic plus the cost for a Unified Comprehensive Management System in the amount of \$240,000. At present, the City is negotiating an amendment to the Parking Management Services contract to remove the cost of the Unified Comprehensive Management System (\$240,000) for the term of the contract.

Based on a cost analysis, the Department has determined that it would cost the City approximately \$76,832.47 to transition the current parking contract staff to City employment.

SDBE Summary

Not applicable.

Attachment(s)

Attachment A: Compensation and Pay Structure Analysis

Attachment B: Benefit Analysis

Attachment C: Benefit Enrollment Period

Attachment D: Cost Analysis

Attachment A
Minimum Workforce and Compensation Rates for Republic Parking System

Title	Salary	Current Rate/Hr	Full-Time	Part-Time	Weekly Full-Time Hrs. Worked	Weekly Part-Time Hrs. Worked	Total Weekly Hours	Total Labor	Taxes & Benefits	Total Labor with Taxes and Benefits
Project Manager	\$72,800.00		1		40		40	\$72,800.00	\$21,840.00	\$94,640.00
Assistant Project Manager	\$42,874.00		1		40		40	\$42,874.00	\$12,862.20	\$55,736.20
Office Assistant/Bookkeeper		\$13.05	1		40		40	\$27,144.00	\$8,143.20	\$35,287.20
Cashier/Attendant Supervisor		\$14.94	1		40		40	\$31,075.20	\$9,322.56	\$40,397.76
Cashier/Attendant		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Cashier/Attendant		\$13.91	1		40		40	\$28,932.80	\$8,679.84	\$37,612.64
Cashier/Attendant		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Cashier/Attendant		\$13.04	1		40		40	\$27,123.20	\$8,136.96	\$35,260.16
Maintenance Supervisor		\$13.77	1		40		40	\$28,641.60	\$8,592.48	\$37,234.08
Maintenance		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Maintenance		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Office Assistant/Bookkeeper		\$12.53	1		40		40	\$36,192.00	\$10,857.60	\$47,049.60
Enforcement Supervisor		\$17.40	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Enforcement Agent		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Enforcement Agent		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Enforcement Agent		\$12.53	1		40		40	\$26,062.40	\$7,818.72	\$33,881.12
Enforcement Agent		\$12.53	1	1	40	16	56	\$36,487.36	\$10,946.21	\$47,433.57
			17	1	680	16	696	\$539,769.36	\$161,930.81	\$701,700.17

	Employee +1	N/A	N/A	N/A	N/A	\$11.18	N/A	N/A	\$11.18	0	\$0.00
	Family	\$29.35	N/A	N/A	N/A	\$16.01	N/A	N/A	\$16.01	1	\$16.01
TOTAL ENROLLED											
Total Declining Coverage											
1 employee has spousal coverage; and 3 declined to state reason											

Reasons for Declining Coverage:

LIFE INSURANCE	City of Durham				Republic Parking				# of Employees Enrolled	Total Employee Cost
	Total Cost	City Cost	City %	City Employee Cost	Republic Cost	Republic %	Republic Employee Cost			
City provides life insurance at 1 times the employee's annual salary										
Employee				\$0.00						
Manager's, Supervisors, Office Personnel: \$25,000 limit	\$4.75				\$2.85	60%	\$1.90		6	
Cashier's, Attendants, Drivers & Maintenance: \$10,000 limit	\$1.90				\$1.14	60%	\$0.76		7	
TOTAL ENROLLED										
Total Declining Coverage										
1 employee has spousal coverage; and 1 declined to state reason										

Reasons for Declining Coverage:

ATTACHMENT C: BENEFIT ENROLLMENT PERIODS						
CURRENT CITY OF DURHAM BENEFIT LEVELS			REPUBLIC CONTRACT BENEFIT LEVELS			BENEFIT LEVEL VARIANCE
Benefit	Service	Description	Benefit	Service	Description	
Medical Insurance	1st of the Calendar Month following the date of employment (or the 1st day of active work if the employee is absent on the 1st day of the month following	Bi-weekly contribution by employee. May purchase dependent Coverage	Medical Insurance	First day of the month following a 60 day waiting period	Cigna Healthcare Bi-weekly contribution by employee. May purchase dependent Coverage. Current employees are immediately eligible for coverage if they are currently covered by a plan.	60-day waiting period instead of 90 days
Life Insurance	Same as above	Paid by Company - \$10,000	Life Insurance	First day of the month following a 60 day waiting period	Cigna Healthcare Paid by employee - \$10,000 hourly employee \$25,000 management employee	60-day waiting period instead of 90 days. Management staff has increased insurance coverage.
Profit Sharing and 401K Plan	1 Year	100% Company Match on the 1st 3% of pay, 50% match on the next 2%. Immediate vesting.	Profit Sharing and 401K Plan	1 Year	100% Company Match on the 1st 3% of pay, 50% match on the next 2%. Immediate vesting.	
Vacation/Annual Leave	Same as above	40 hours of paid vacation	Vacation/Annual Leave	1 Year	1 week (Manager's and Bookkeepers receive 2 weeks)	None
Vacation/Annual Leave	Same as above	80 hours of paid vacation	Vacation/Annual Leave	2 Year	2 weeks	None
Paid Sick Leave	Same as above	Accrue 4 hours per month (up to 48 hours per year). May accumulate up to 240 hours.	Paid Sick Leave	90 Calendar Days	Accrue 1/2 day each month (up to 6 days per year). Paid Sick Leave can be carried over for a total of 12 days any year.	None
Paid Holidays	Same as above	New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day	Paid Holidays	90 Calendar Days	New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day	None

Petty Leave	Same as above	Time off without pay, personal matters.	Petty Leave	90 Calendar Days	Time off without pay, personal matters for up to 4 days per year.	4 days per year
Bereavement Leave	Same as above	3 days off with pay in the event of death of immediate family member.	Bereavement Leave	90 Calendar Days	3 days off with pay in the event of death of immediate family member.	None
Medical Leave	Same as above	Up to 3 months recuperative leave of absence.	Medical Leave	1 year	Up to 12 weeks of unpaid leave	Eligible for medical leave after 1 year of service instead of 3
Educational Leave	Same as above	Up to 2 years off to continue education.	Educational Leave	N/A	N/A	Not provided.
Military Leave	Same as above	5 years of unpaid time for active duty; two weeks of unpaid time off for reservists; eligible employees will receive supplemental pay to equal normal earnings.	Military Leave	1 year	Eligible full-time employees will receive two weeks of supplemental paid leave for reservists and National Guard in addition to any entitled paid vacation.	FT employees are eligible for 2 weeks of supplemental paid leave for reservists in addition to any entitled paid vacation/annual leave.
Jury Duty	Same as above	Time off granted and jury pay supplemental to equal normal earnings.	Jury Duty	90 Calendar Days	Full-time employees granted time off and jury pay supplemental to equal normal earnings.	None
Personal Holiday (Variable Holidays)	Same as above	Employees are granted 8 hours with pay (pro-rated during 1st year of employment).	Personal Holiday	N/A	Employees are granted 8 hours with pay (pro-rated during 1st year of employment).	None

Attachment D: City Cost Analysis of Minimum Workforce and Compensation Rates

Title	Salary	Current Rate/Hr	Full-Time	Part-Time	Weekly Full-Time Hrs. Worked	Weekly Part-Time Hrs. Worked	Total Weekly Hours	Total Labor	Taxes & Benefits	Total Labor with Taxes and Benefits	Republic Total Labor with Taxes and Benefits	Difference
Off-Street Parking Manager	\$50,000.00		1		40		40	\$72,800.00	\$23,382.04	\$96,182.04	\$94,640.00	\$1,542.04
On-Street Parking Manager	\$50,000.00		1		40		40	\$42,874.00	\$23,382.04	\$66,256.04	\$55,736.20	\$10,519.84
Office Assistant/Bookkeeper		\$13.05	1		40		40	\$27,144.00	\$15,560.34	\$42,704.34	\$35,287.20	\$7,417.14
Cashier/Attendant Supervisor		\$14.94	1		40		40	\$31,075.20	\$12,626.06	\$43,701.26	\$40,397.76	\$3,303.50
Cashier/Attendant		\$12.53	1		40		40	\$26,062.40	\$11,897.70	\$37,960.10	\$33,881.12	\$4,078.98
Cashier/Attendant		\$13.91	1		40		40	\$28,932.80	\$11,897.70	\$40,830.50	\$37,612.64	\$3,217.86
Cashier/Attendant		\$12.53	1		40		40	\$26,062.40	\$12,261.88	\$38,324.28	\$33,881.12	\$4,443.16
Cashier/Attendant		\$13.04	1		40		40	\$27,123.20	\$19,916.33	\$47,039.53	\$35,260.16	\$11,779.37
Maintenance Supervisor		\$13.77	1		40		40	\$28,641.60	\$12,565.36	\$41,206.96	\$37,234.08	\$3,972.88
Maintenance		\$12.53	1		40		40	\$26,062.40	\$11,897.70	\$37,960.10	\$33,881.12	\$4,078.98
Maintenance		\$12.53	1		40		40	\$26,062.40	\$11,897.70	\$37,960.10	\$33,881.12	\$4,078.98
Office Assistant/Bookkeeper		\$12.53	1		40		40	\$36,192.00	\$12,221.41	\$48,413.41	\$47,049.60	\$1,363.81
Enforcement Supervisor		\$17.40	1		40		40	\$26,062.40	\$13,989.70	\$40,052.10	\$33,881.12	\$6,170.98
Enforcement Agent		\$12.53	1		40		40	\$26,062.40	\$11,897.70	\$37,960.10	\$33,881.12	\$4,078.98
Enforcement Agent		\$12.53	1		40		40	\$26,062.40	\$11,897.70	\$37,960.10	\$33,881.12	\$4,078.98
Enforcement Agent		\$12.53	1	1	40	16	56	\$36,487.36	\$12,647.05	\$49,134.41	\$47,433.57	\$1,700.84
Special Event Hours		\$12.53		4	680	65.25	65.25	\$42,514.29	\$7,954.42	\$50,468.71	\$53,541.54	-\$3,072.83
Total			17	4	680	65.25	761.25	\$582,283.65	\$249,790.53	\$832,074.18	\$755,241.71	\$76,832.47

Setup Costs	
Lenova Computers	\$ 7,061.00
Monitors	\$ 2,160.00
Add PC to network	\$ 5,631.04
Line Installation	\$ 6,240.00
Network Drop	\$ 800.00
IPT Phone Set Up	\$ 3,040.00
Cisco 7940	\$ 700.00
Cisco 7950	\$ 1,000.00
Furniture	\$ 550.00
Subtotal	\$ 27,182.04

Annualized Cost Increase* \$ 76,832.47
 Setup Costs \$ 27,182.04
 Total First Year Cost Impact \$ 104,014.51

*Future cost increase will be dependent upon Pay for Performance Increase. Republic Contract absorbs any future pay for performance increase excluding livable wage increases.