

W. T. A.

Memorandum Date: September 19, 2007

Order Date: October 3, 2007

TO: Board of County Commissioners

DEPARTMENT: Public Works, Parks Division

PRESENTED BY: Todd Winter, Parks Division Manager,
Tanya Heaton, Administrative Services Division Manager

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF AWARDING A CONTRACT
TO DIAMOND PARKING IN ACCORDANCE WITH RFP #
LCPW-AS 0708-02 FOR PARKING FACILITIES
ADMINISTRATION SERVICES IN LANE COUNTY PARKS.

I. MOTION

Order _____ /In the Matter of Awarding a Contract to Diamond Parking in accordance with RFP # LCPW-AS 0708-02 for Parking Facilities Administration Services in Lane County Parks.

II. AGENDA ITEM SUMMARY

The Board is being asked to award a contract to Diamond Parking for Parking Facilities Administration Services in Lane County Parks. The Parks Division has reviewed operations expense and revenue for seven highly used Day Use areas and recommends that Parking Administration Services be contracted out. This operational change would decrease the amount of staff time directed towards parking management freeing up staff to focus on maintenance and park service in other areas. A contract with a company specializing in parking services and monitoring should enhance revenue collection and improve monitoring of parking lots.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Parks Division has collected parking fees at six locations (Orchard Point, Richardson, Baker Bay, Hendricks Bridge, Perkins Peninsula and Armitage) for over a decade. Beginning in 2002, by order of the Board, parking fees were also required at the Howard Buford Recreation Area (Mt. Pisgah). Fee collection methods were typically performed

manually with an employee located inside a 'fee booth' located at the entrance of four of these parks. Hendricks Bridge, Mt. Pisgah and Baker Bay were operated by self-pay envelope collection systems. Prior to 2002, parking fees were required during peak times at these locations from Memorial Day weekend through Labor Day weekend. In 2003, Lane Manual was amended to require the collection of parking fees at these locations from May 1st to September 30th. Essentially this opened the collection window from three months to five months.

In an effort to first eliminate the self-pay envelope collection method, during the 2004 summer season, all seven parks where a parking fee was required were staffed with a fee collector at the entrance in a fee booth. Although this increased payment compliance and admissions revenues, the labor costs involved with a totally manual fee collection method decreased the net revenue and benefit to Parks.

It was determined that the manual and self-pay envelope collection methods were problematic and not cost effective. The decision was made to convert to an automated system for the following reasons:

- After extending the collection period from three months to five months, labor costs compared with revenues resulted in lowered net revenue. For example, during fiscal year 03/04, \$120,000 was spent collecting \$165,000 of revenue. That represented a net of \$45,000 for fee collection.
- Daily staffing of fee booths was inconsistent, due to limited staff and the use of extra help employees.
- Safety concerns (large amounts of cash in remote areas – Fee Collector personal safety)
- Self-pay envelope collection method was easily manipulated and compliance checks were virtually impossible.
- Automated machines reduced collection labor from 5,425 hours to 283 annually.

To recap, in 2003 there was either a fee collector at the entrance of the park most of the time or the self-pay envelope system. In 2004, all parks had a fee collector in a booth at the entrance to all seven locations. In 2005, five locations (two closed due to the Fern Ridge dam repair) had self-pay machines. Although self-pay machines provide an opportunity for individual compliance, regular monitoring of parking lots is necessary to facilitate compliance. Visitor's ability to manipulate the self-pay system has been significantly reduced; however there is still an opportunity to enter the park without a valid parking pass.

Below is a quick summary of action taken by the Board of Commissioners and the Parks Division to increase revenue and decrease expenses while providing safe, clean and well maintained parks.

- Prior to 2002 - Parking Fees charged at six locations (Orchard Point,

Richardson, Baker Bay, Hendricks Bridge, Perkins Peninsula and Armitage) from Memorial Day weekend through Labor Day Weekend from 9:00 am to 7:00 pm.

- 2002 – Howard Buford Recreation Area (Mt. Pisgah) is added to Parks requiring a parking fee.
- 2003 – Parking fees collection season changed to May 1st through September 30th.
- 2005 – Self pay machines were introduced at five locations (two were closed due to the Fern Ridge dam repair).
- March 21, 2007 the Board of County Commissioners approved amendment of Lane Manual Chapter 18 to revise charging parking fees to year round in all Lane County parks during all hours for which parks are open to the public.

B. Policy Issues

The mission of Lane County Parks is to “to provide safe, clean, and well-maintained parks and natural resource areas in order to provide recreational and leisure opportunities to improve mental and physical health, and enhance livability for Lane County residents and visitors.” The Parks Division operates on a very slim budget with both permanent and seasonal staff experienced in providing clean, safe and maintained natural areas, picnic facilities, marinas, boat docks and campgrounds.

Contracting with a Parking Services Company would shift revenue collection, machine maintenance, and parking monitoring from Parks staff to a contractor in seven highly used Day Use areas. The contractor will be responsible for monitoring parking compliance, collecting revenue, issuing violations when necessary and collecting violation revenue. The contractor specializes in Parking Facility Administration. They have staff and management trained and experienced in Parking Management and revenue collection.

C. Board Goals

The Lane County Strategic Plan includes an overall goal statement and eight individual goals for which County departments have been directed to continue to develop specific and measurable objectives consistent with the(se) overarching goals. Two of the goals provide significant direction for Parks:

- Maintain a *healthy environment* with regard to air quality, water quality, waste management, land use and parks.

- ***Protect the public's assets*** by maintaining, replacing or upgrading the County's investments in systems and capital infrastructure.

D. Financial and/or Resource Considerations

The Parks Division is a Special Revenue Fund, which must continually balance the operational needs and customer desires. There is a strong interest from Parks Division to improve service to the customer without incurring additional ongoing costs to the Division. The present financial situation does not allow for funding a manual fee collection system.

Revenue is budgeted in Parks Operations (3626800-216) through several funding streams for FY 2007/08:

Taxes & Assessments	\$700,000	29.46%
Operations Revenue	674,226	28.37%
Land Sales	504,000	21.21%
Revenue Share from State	378,652	15.94%
Service to other Agencies/divisions	118,833	5.00%
Other Revenue	500	0.02%
Parks Operations Budget	\$2,376,211	100.00%

Admissions revenue is estimated to be \$155,000 for FY 07/08

There is little to no growth expected in revenues from Taxes & Assessments, State Revenue or Revenue from other Agencies and PW Divisions. Therefore Parks must find a way to improve Operations revenue to meet growing employee costs and maintenance needs. Operations revenue includes Day Use Admissions, Season/Annual Passes, Concessions, Moorage, Picnic Reservations, Camp Lane and Campground revenues. To increase these revenues Parks must increase the number of paying customers. This can be done by increasing the number of sites such as campgrounds, moorage slips and/or group picnic areas or increasing the compliance of the visitors currently using the facilities.

Contracting with a Parking Services Company would shift revenue collection, machine maintenance, and parking monitoring from Parks staff to a contractor in seven highly used Day Use areas. The contractor will be responsible for monitoring parking compliance, collecting revenue, issuing violations when necessary and collecting violation revenue. The contractor specializes in Parking Facility Administration. They have staff and management trained and experienced in Parking Management and revenue collection.

Diamond Parking has proposed to provide Lane County Parks with Parking Facilities Administration for seven day use areas with a management fee of 60% of the gross revenues from day-use parking fees at the seven parks. The

administration of Parking Facilities within these seven day use areas includes:

- Each parking lot will be operated from dawn to dusk, 7 days a week.
- Each lot will be equipped with an electronic pay box. All boxes will be able to accept credit, cash and coin, while providing a receipt of the transaction.
- Checkers will visit the Lane County parking lots frequently throughout the day, utilizing handheld computers to record how long the checker was on a specific lot, how many tickets the checker issued and how many cars parked at a specific time.
- Diamond Parking will manage collection of parking violations for parking citations issued at the seven day-use areas.
- Diamond Parking will provide, install and maintain at their expense lot metering devices for the specified Lane County lots as stated in the Request for Proposal (RFP).

E. Analysis

To increase net revenue Parks must either increase revenue, decrease expense or both. As expenses have climbed and day use fees have become necessary Parks staff have been asked to add parking monitoring and revenue collection to their day-to-day operations while continuing to provide park operations and maintenance services.

The main issue is how the Parks Division can collect revenue at a cost that is significantly below the amount of revenue collected to enable the net revenue to be used to operate and maintain the parks. The technical expertise required to operate and maintain Parking Revenue Collection machines has been learned by staff as needed but diverts their time from other park operations and maintenance. Revenue collection and parking monitoring also requires significant amounts of staff time. Below is a summary of Parking Fee revenue and expense for five years.

Over the past five years Parks and the Board have taken actions to increase revenue by:

- Increasing the number of Parks with fees (adding Mt. Pisgah)
- Increasing the number of days per year revenue is collected. (May 1- Sept 30th)
- Increasing the number of Parks with fees (all Parks)
- Increasing the number of days per year revenue is collected. (year round)
- Increasing the time to collect revenue (all open hours)

These efforts have increased Day Use Area Admissions revenue by nearly

\$100,000 since 2002. The largest growth of nearly \$53,000 was in 2003. Since then the growth has been much slower, gaining just \$46,000 from 2003 to 2007. Expenses climbed steadily from 2002 to 2005, until the self-pay machines were introduced and fee collectors were phased out.

Parks Fee Collection Summary

	2007	2006	2005	2004	2003
Local Fines	20,026	15,679	4,008	3,079	432
Season Passes eCon	2,910	2,648	230		
Season Passes eCon	29,019	38,763	8,814	18,570	2,750
Admissions	132,370	118,373	135,017	143,711	135,807
Total Revenue	\$ 184,324	175,464	148,070	165,360	138,988
Increase	8,861	27,394	(17,290)	26,372	52,655
Growth	5.05%	18.50%	-10.46%	18.97%	60.99%
Fee Collection					
Personnel Services	22019	5,999	44,563	47,930	28,773
Overhead	22415	8,582	56,859	63,026	31,625
Materials & Services	16013	50,786	74,829	9,139	6,025
Capital Outlay					
Total Expense	\$ 60,447	\$ 65,367	\$ 176,251	\$ 120,095	\$ 66,423
Increase	(4,920)	(110,884)	56,156	53,672	13,060
Growth	-7.53%	-62.91%	46.76%	80.80%	24.47%
Net Fee Revenue	\$ 123,877	\$ 110,097	\$ (28,181)	\$ 45,265	\$ 72,565
Net Rev %	67.21%	62.75%	-19.03%	27.37%	52.21%
Net Revenue Incr	13,781	138,278	(73,446)	(27,300)	39,595
Growth	12.52%	490.67%	-162.26%	-37.62%	120.10%

On March 21, 2007, the Board of County Commissioners approved charging fees in all Lane County Park during all hours for which parks are open to the public. This decision supports the Parks Division efforts to increase revenues. At the same time, it increases expenses due to the staff time necessary to collect revenue and monitor compliance. Methods of facilitating revenue collection while containing expenses were discussed between Parks and Public Works staff. Other agencies utilize Parking Contractors to administer parking facilities, collect revenue and monitor compliance. After research was completed a Request for Proposal was prepared for Parking Facilities Administration Services for Lane County Parks.

One response was received from Diamond Parking for administration of Parking Facilities in seven identified Day Use areas. Diamond Parking will monitor parking, collect revenue and facilitate compliance. A management fee will be charged based on gross revenues and a check will be sent to Lane County Parks each month. It is forecast that regular patrol of parking lots will increase compliance with

parking fees significantly. Compliance patrol statistics for 2005, 2006, & 2007 indicated an average noncompliance rate of about 15% across all parks. More frequent compliance activities, the increased convenience of credit card friendly machines, and the fee collection season extension to 12-months are predicted to increase gross day-use fee revenues considerably. No analysis has been possible to forecast the revenue impact of the expanded fee-collection window simply because this expansion was not planned prior to 2007 but rather was in response to budget decisions in early 2007.

In addition, Parks will be able to redirect staff to focus on customer service enhancements in other areas such as maintenance in all parks and compliance activities along the McKenzie corridor and in the coast zone. County staff will monitor parking in other park areas not included on the contract.

F. Alternatives/Options

1. Award a contract to Diamond Parking which was the only response to the Request for Proposal. The contract will provide Parks Division with parking administration services in select day use areas, improved record keeping and increased net revenues.
2. Take no action at this time and direct Public Works to conduct additional research.

IV. TIMING/IMPLEMENTATION

Upon Board Approval, the staff will begin processing the contract. The Parks Division and Diamond Parking will develop a transition plan that will be implemented upon execution of the contract.

V. RECOMMENDATION

Parks Division and Public Works Management recommend Option 1, contracting out Parking Facilities Administration Services for seven day use areas and awarding a three year contract to Diamond Parking with a 60% Management Fee on Gross Parking Admissions Revenue from the seven day-use areas and a 50% Collection Revenue on Parking Violations for citations issued by Diamond Parking.

VI. FOLLOW-UP

Diamond Parking will submit monthly reports and payment to Parks. Parks and Public Works staff will monitor revenue and parking reports regularly.

VII. ATTACHMENTS
Board Order

**IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON**

ORDER NO.

) **IN THE MATTER OF AWARDING A
) CONTRACT TO DIAMOND PARKING
) IN ACCORDANCE WITH RFP# LCPW
) AS 0708-02 FOR PARKING
) FACILITIES ADMINISTRATION
) SERVICES IN LANE COUNTY PARKS**

WHEREAS, the Lane County Parks Division is in need of parking administration services in designated areas; and

WHEREAS, the County entered into a competitive selection process (RFP #LCFW-AS-0708-02) with proposals due on August 3, 2007, with Diamond Parking being the sole respondent; and

WHEREAS, Diamond Parking has specialized knowledge, equipment and expertise in parking facility management and has provided parking administration services to other departments within the County for a number of years; and

WHEREAS, the proposal was evaluated by the Public Works Department, which recommend awarding a contract to Diamond Parking for parking facilities administration services for day use areas and awarding a three year contract to Diamond Parking with a management fee based on a percentage of gross parking admissions revenue from the day-use areas and a collection revenue on parking violations for citations issued by Diamond Parking, also calculated on a percentage basis; **NOW THEREFORE IT IS HEREBY**

ORDERED that the proposal received from Diamond Parking be accepted as recommended; and it is further

ORDERED that a contract be awarded to Diamond Parking in accordance with the proposal; and it is further

ORDERED that the County Administrator is authorized to execute a three-year contract with Diamond Parking Services, LLC for Parking Facilities Administration Services in Lane County Parks in accordance with the Request for Proposal.

DATED this ____ day of October, 2007.

**Faye Stewart, Chair,
Lane County Board of Commissioners**

APPROVED AS TO FORM

Date 9/25/07 Lane County

OFFICE OF LEGAL COUNSEL