

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: November 7, 2006

Approved

Date

11/7/06

**SUBJECT: AGREEMENT FOR MANAGEMENT AND OPERATIONS OF
DOWNTOWN PARKING GARAGES AND SURFACE LOTS**

REASON FOR SUPPLEMENTAL

This memorandum transmits the protest letter from Ampco Pacific Parking received on October 23, 2006 and the administrative response to the protest issued on October 30, 2006. The protest and respective response are detailed in the Council Memorandum.

SCOTT P. JOHNSON
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.

Attachments:
Correspondence, Ampco Pacific Parking
City's response



420 Taylor Street, Suite 400
 San Francisco, CA 94102
 Tel: (415) 351-4467
 Fax: (415) 351-4499

October 23, 2006

City of San Jose
 Attn: Chief Purchasing Officer
 200 E. Santa Clara St., 13th Floor
 San Jose, CA 95113

RE: Protest of Planned Award for Management and Operations of Downtown Parking Garages and Surface Lots - RFP 05-06-16

To Whom It May Concern:

In accordance with the instructions provided, Ampco Pacific Parking, the joint venture team comprised of Ampco System Parking and Pacific Park Management, respectfully lodges its formal protest to the proposed award of the above-referenced contract on the following grounds:

1. Cost

The proposed cost submitted by Central Parking is \$93,507 higher than the cost proposed by Ampco Pacific Parking for the same period, yet the City's memorandum of 10/13 to the Downtown Parking Board recommending Central's selection notes that their cost proposal "... was the most advantageous of all the proposals. . . ."

The ranking system employed attempts to depict a lower cost for Central by categorizing \$250,000 of their proposed expenses as "Contingency for Special Events and Enhanced Services" although the specifications and addenda consistently stated that the costs proposed by Operators were expected to be all-encompassing, including special event staffing and other anticipated costs.

Ampco Pacific's costs as set forth in our Final and Best Offer of October 2 included all special event staffing and related costs, as well as several other enhancements to our current operations, including extensive customer service training regimens, community outreach, and an allocation to fund a pilot marketing program to promote the use of the City's parking facilities.

The chart below summarizes the financial disparities in the City's ranking of proposals:

Proposer	Annual Cost	Contingency*	Total Not To Exceed
Ampco Pacific Parking	\$3,634,163	\$0	\$3,634,163
Central Parking	\$3,477,670	\$250,000	\$3,727,670
Difference	(\$156,493)	+\$250,000	+\$93,507

**Proposers were not asked to segregate costs in this manner. The contract as proposed by the City is based on Not To Exceed reimbursement amounts - not a guaranteed fixed price cost. This means the City can approve or disapprove any proposed items (such as the funds earmarked in Ampco's budget for training, marketing and special event staffing which presumably are part of Central's "Contingency" figure).*

2. Staffing

Per the City's evaluation, Central Parking " . . . does not operate under a collective bargaining agreement and therefore will be required to pay not less than the City's established prevailing wages . . . ". The City's memo to the Downtown Parking Board then goes on to note that Central " . . . will be required to offer employment to all qualified displaced workers . . . ".

While this sounds comforting, the reality is that the City is effectively allowing Central to operate the City facilities on a non-union basis, forcing longtime workers to attempt to negotiate hard-won health care and other benefits directly with Central, without the assistance of skilled representation. The employee retention requirement only guarantees these workers 90 days of continued employment –providing little or no comfort level for our current employees and their families as to the likelihood of continued employment.

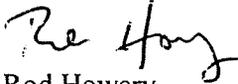
Ampco has a long relationship with SEIU local 1877 which currently represents the employees at the City of San Jose facilities, and proposed to continue this relationship under the new contract. The Cost Summary presented by the City in its memo to the Board clearly show that Central's direct expenses for staffing and related costs are proposed to be drastically lower than Ampco's, as shown below:

Proposer	Direct Expenses (Staffing)
Ampco Pacific Parking	\$2,956,332
Central Parking	\$2,027,197
Difference	(\$929,135)

As the current operator of the garages which comprise the majority of this assignment (from both a size and complexity standpoint), our company has extensive knowledge of the costs which would be incurred in the professional operation of the City's parking portfolio, to the standards the City requires, in accordance with the terms of our CBA with the SEIU.

We look forward to your review of this submittal and hope to be given the opportunity to continue to provide our extensive parking management services to the City of San Jose, in accordance with our proposal and the City's requirements.

Sincerely,



Rod Howery
Regional Vice President
Ampco System Parking

October 30, 2006

Mr. Rod Howery, Regional Vice President
Ampco Pacific Parking
420 Taylor St., Suite 400
San Francisco, CA 94102

Dear Mr. Howery:

Reference: Letter from Ampco Pacific Parking dated October 23, 2006.
Subject: Request for Proposal (RFP) 05-06-16, Management and Operations of Downtown Parking Garages and Surface Lots

In the letter referenced above, Ampco Pacific Parking ("Ampco") contested, based upon Ampco's erroneous belief, that the cost submitted by Central Parking is higher than the cost submitted by Ampco and that Central Parking will operate the City facilities on a non-union basis.

Regarding the not-to-exceed contract amount referenced in the draft Council Memorandum, staff is recommending to Council a contract with Central Parking with a not-to-exceed amount of \$3,477,670 with an additional contingency for unscheduled events in the amount of \$250,000. However, the decision to award was based on a comparison of the Best and Final Offer Pricing offered by the proposers as illustrated in the table below:

Proposer	Best and Final Offer Pricing	Estimated Utility Costs	Contingency	Total Not-to-Exceed Amount
Central Parking Systems	\$2,877,670	\$600,000	\$250,000	\$3,727,670
Ampco	\$3,634,163	\$600,000	\$250,000	\$4,484,163
Additional Cost by Awarding to Ampco	\$756,493	\$0	\$0	\$756,493

In the subject RFP, the City did not require that companies include a contingency for unscheduled events in the submitted cost tabulation. In effect, the \$250,000 contingency would have been added to any contractor recommended for award. Additionally, the not-to-exceed amount of \$3,477,670 includes the estimated cost of \$600,000 for utility expenses. As stated in the Best and Final Offer letter sent to Ampco, "the City will add the appropriate utility costs to the total contract amount based on historical usage." Therefore, Ampco's cost proposal is approximately \$750,000 higher than the lowest cost proposal submitted by Central Parking as depicted in the table above.

October 30, 2006

Subject: Request for Proposal (RFP) 05-06-16, Management and Operations of Downtown Parking Garages and Surface Lots

Page 2

Regarding the second issue raised in the referenced letter, federal labor law prohibits cities from requiring that a contractor operate under a collective bargaining agreement in order to obtain a contract such as this. The City has confirmed that Central Parking has agreed to abide by the prevailing wage, living wage, and worker retention requirements. Also, please note that Central Parking does operate under a collective bargaining agreement in some of its contracts with municipal agencies and they have indicated a willingness to negotiate with the workers in the event that they become represented for their work under a contract with Central Parking.

Based on the discussion above, staff will proceed with recommending award of contract for the Management and Operations of Downtown Parking Garages and Surface Lots to Central Parking Systems, the company, which submitted the most advantageous proposal to the City.

For further questions regarding this correspondence, please contact me at walter.rossmann@sanjoseca.gov or at (408) 535-7051.

I appreciate your interest in doing business with the City of San José.

Sincerely,



Walter Rossmann, C.P.M.
Chief Purchasing Officer