



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: DECEMBER 1, 2020

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: JAMES SERRANO, TRANSPORTATION MANAGER

TITLE: PARKING ENFORCEMENT SERVICES CONTRACT RENEWAL

RECOMMENDED MOTION:

A motion to approve a 3-year parking enforcement services renewal contract with Serco, Inc. for an annual amount of \$607,676 per year.

RECOMMENDATION:

It is recommended that Council approve the renewal of the Parking Enforcement Services Contract with SERCO, Inc. for 3 years at an annual amount of \$607,676 per year.

EXECUTIVE SUMMARY:

The City consolidated its parking programs into a parking enterprise managed by the Public Works Department to encourage sustainability and improve services. In 2016, the City entered a contract with Serco, Inc. to provide parking enforcement services, supplementing the Police Department parking enforcement. In 2018, the contract was extended with expansion of services. The program is meeting its objectives, does not receive General Fund contributions and is responsive to city residents and businesses' parking enforcement needs. In 2020, there is a continuing demand for parking enforcement and the Council is requested to renew SERCO's contract for 3 years including additional expansion of services to meet parking enforcement demand.

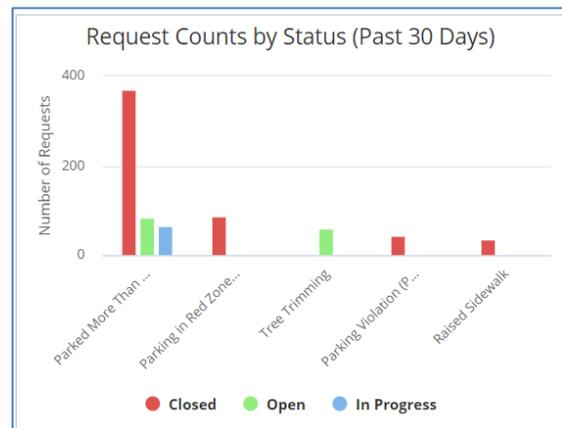
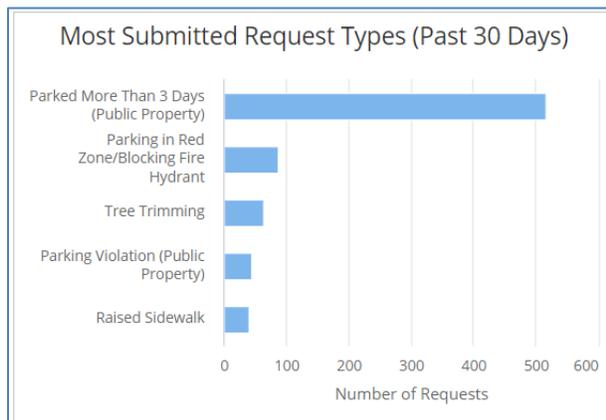
BACKGROUND:

In 2016, the City entered a contract with SERCO, INC. to provide parking enforcement services, supplementing the Police Department parking enforcement. In 2018, the contract was extended with expansion of services that extend parking enforcement to evenings and weekends.

The Parking Enforcement Program is meeting its sustainability goals. The program is providing services to residents and businesses without contributions from the City general fund. Revenue from the program covers all costs including citation processing, mandated court costs, an 11% cost recovery for administrative overhead as well as the equivalent of 25% of staff costs for a Public Works Administrative Supervisor overseeing the operations of the program.

	Actual	Actual	Actual*	Projected **
	FY 2018-19	FY 2019-20	FY 2020-2021	FY 2020-2021
Revenue Totals	\$ 1,300,381.86	\$ 1,250,540.97	\$ 285,437.92	\$ 856,313.76
Expense Totals	\$ (1,021,386.42)	\$ (1,076,121.62)	\$ (180,687.59)	\$ (542,062.77)
Net Revenue	\$ 278,995.44	\$ 174,419.35	\$ 104,750.33	\$ 314,250.99
* (Partial Year July through October 2020)				
** Projection through June 30, 2021				

Revenue from the program comes entirely from parking citations. In Fiscal Year 2019-20, a total of 26,064 citations were written by both the PD officers and SERCO, Inc. PD citations account for 8% of total citations in the same period. During the first four months of the current fiscal year, 8,353 total citations were issued. Both years reflect lower citation levels as the City suspended citations in support of shelter in place orders due to the pandemic. However, parking enforcement continues to be requested by residents and businesses and the City is responding to this demand. The request for parking enforcement is still one of the most submitted requests to Salinas Connect as shown below.



From QAlert Dashboard -Oct 20, 2020

Program Costs

In addition to SERCO’s and staff costs, the parking enforcement program has other significant associated costs. State law requires that a portion of city parking enforcement receipts defray the costs of capital improvements for the Courts system and therefore 40% of City fees are paid to the County for the courts. Secondly, 15% of outside services costs pays a private contractor, Data Ticket, for citation processing services, that include a citations database, fee collections and on-line citation payment services. Data Ticket also provides hearing officers for those that contest the citations. The parking enforcement program also manages the City indigent program providing some financial relief to those who cannot pay their citations costs. Finally, a portion of citation costs also pay for DMV services associated with collecting unpaid citations. Table 2 summarizes the cost for these outside services.

<i>Table 2 - FY 2019-20 Outside Services</i>			
Outside Services			% of Total
Serco	\$	367,738.42	42%
Data Ticket	\$	134,886.44	15%
DMV	\$	25,398.00	3%
County/Courts	\$	346,270.28	40%
Total Outside Services	\$	874,293.14	

Parking Enforcement Services Contract Renewal

Current parking enforcement operations include 4 officers that service the City, vehicles, equipment and associated direct costs. SERCO provided the service at a cost of \$398,270 per year. Should the SERCO contract be renewed, the annual cost of continuing current services will be \$441,768. This is a \$43,490 increase in the annual cost for the proposed 3-year contract.

As in 2018, it is recommended that program revenues be reinvested in increased services since there is still a demand for parking services. This reinvestment of available revenue will provide better coverage for parking enforcement throughout the city and for evenings and weekend enforcement. Parking enforcement can provide better support for school safety and other city programs that benefit from parking enforcement. The expansion will provide 2 additional officers and associated direct costs (vehicles, equipment, uniforms, etc.) for an additional \$165,908 per year. The addition of capacity to the program will yield new revenue that is anticipated to cover costs. Nevertheless, staff will continue to monitor the program to ensure satisfactory response to request for services, ensure costs are covered and there are no impacts to the City General Fund.

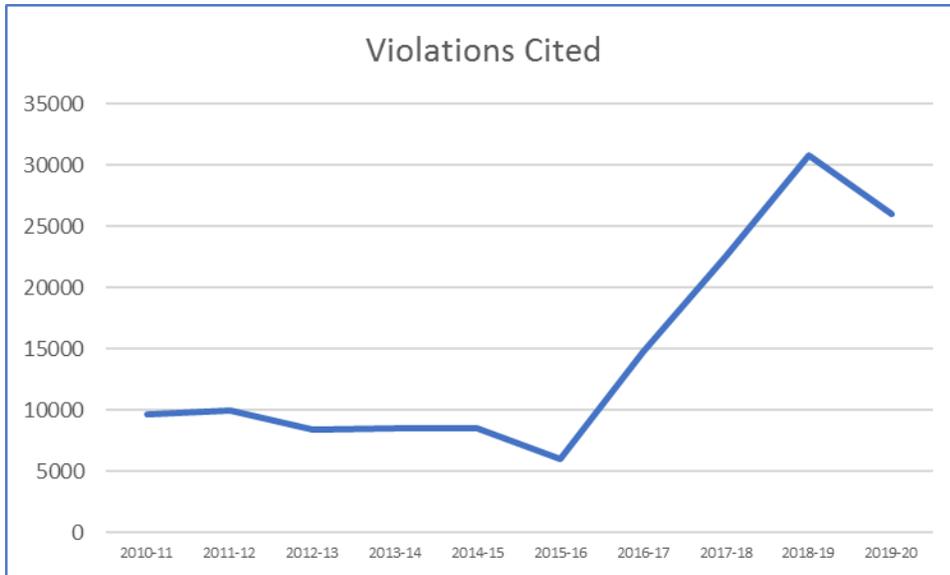
The Council is recommended to approve the renewal of the SERCO contract services for parking enforcement and reinvest available revenue to expand parking enforcement services in the City. Base services (existing) cost is \$441,768 annually and the expanded option is an additional \$165,908 annually for a total combined cost of \$607,676 annually. In addition, the Council is requested to appropriate the total cost for the 3-year contract from program revenues.

Council Questions at November 3, 2020 Meeting

The City's Parking enforcement program is meeting the goals of increasing parking enforcement services requested by public and businesses while covering program costs therefore eliminating any impacts to the general fund. The request brought to Council continues the reinvestment of program funds to further the effort to meet the demand for services in the City.

Since the program's inception in 2016, the city response to parking enforcement demand has increased. The number of parking violations cited as a measure of a response for the demand for

parking enforcement shows an increase in comparison to the City response before 2016. Commensurate to the increase in responsiveness is an increase in revenue that allowed reinvestment in increasing services further when the contract was extended in 2018.



In 2016, SERCO provided two parking enforcement services officers during the first two years of the contract. With this staffing level, Serco services were only enforcing during weekdays and during work hours. Serco doubled enforcement response in the first year. In 2018, the Council granted an extension that provided two additional officers that would help the city respond to parking enforcement request in business and residential areas during early evenings and weekends. In the meantime, the City also provided parking enforcement support for stormwater quality and street sweeping services. The City also responded to increase parking enforcement visibility in downtown. Even with the increase in services, there continues to be demand for parking enforcement. As mentioned earlier in the report, Salinas Connect data shows the parking enforcement as one of the most requested service by users of the Salinas connect app.

The SERCO parking enforcement staff is comprised of 3 parking enforcement officers and a manager that also cites for a total of four officers. Except for the manager, all officers were hired locally, and SERCO commits to continue its preference for hiring locally. The manger relocated from southern California and resides in the City.

The use of parking enforcement contract services beginning in 2016 did not result in the loss of any city staff positions. Community Service Officers (CSO's) in the Police Department provided the bulk of parking enforcement staff. The CSO's were critical in police operations and the PD management staff at the time wanted assurance that no CSO positions would be lost so the CSO's could be assigned to critical tasks that supported police operations.

SERCO's contract includes other direct costs such as city specified uniforms, vehicles, fuel, equipment, office rent (SERCO rents an office from the City at the Train Station), and other incidentals. The city provided communication equipment compatible with the City citation

processing provider at the outset, but replacement of communication equipment is now absorbed by the contract. The contract is inclusive of all SERCO's cost.

City staff provides a check on the citations written by SERCO. Public Works and PD staff provides the first of three reviews, an appellant is entitled to pursue, after receiving a citation. In fiscal year 2019-20, of the 26,064 citations written, 1,479 (5%) were appealed. Of these, 448 (2%) citations were dismissed or voided. For the same year, 51 appeals were heard by a Hearing Officer from the citation processing service, resulting in 13 dismissals. Staff reviews also provide a check on citations written and provided direction to SERCO. Included in the new contract is a task to develop a more robust quality assurance program. Staff and SERCO will complete this task and implement the program within the first quarter of 2021. In addition, quarterly updates of parking enforcement program will be provided to the City's Finance Committee, including a report on quality assurance.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

Developing viable parking programs supports Council goal of Investment Strategies/Risk Management and Operational Efficiencies. In addition, parking enforcement is an element of downtown parking management in the Downtown Parking District that in turn is an element of the Downtown Vibrancy Plan.

DEPARTMENTAL COORDINATION:

The Public Works Department coordinates with Police parking enforcement staff. Parking enforcement services also coordinate with Code enforcement activities. There is also coordination with Street Maintenance services with regard to curb markings and signs.

FISCAL AND SUSTAINABILITY IMPACT:

As part of the City's parking enterprise programs, parking enforcement is meeting the city's sustainability objectives. Net revenue after covering costs is being reinvested in improving services to the public at no cost to the General Fund. The program in fact pays for city administrative overhead and staff management of program operations. From Table 1, the projected net annual revenue is approximately \$314,100 which is adequate to support the added annual contract costs of \$209,400. The recommendations made not only enhances services but will also result in additional revenue to support the program. Future monitoring of the parking enforcement program will continue to ensure both program sustainability and the ability of the City to develop a responsive parking enforcement program.

ATTACHMENTS:

Resolution

Agreement and Exhibits

Parking Enforcement Program Budget