

City Council Communication 97-581

December 8, 1997 Agenda

Subject:

**Approval of Fourth Amendment to
the Agreement for Management
Services – Airport Parking Facilities**

Submitted by:

William Flannery

Aviation Director

Synopsis —

The development of the Request for Proposal (RFP) documents for the Agreement for Management Services for Airport Parking Facilities has been delayed to allow for proper recognition of the planned operation of the new garage, the proposed garage design and layout, the development of specifications for new revenue control equipment, and a review of new Internal Revenue Service tax regulations regarding the operation of parking improvements funded with tax-exempt revenue bonds. With the resolution of these matters, the Department of Aviation staff is now prepared, with the approval of the Airport Board, to issue the RFP.

Based on the timing of the release of the RFP, a new service provider will not be selected and in place by the termination of the existing Agreement on December 31, 1997. On November 4, 1997, by Resolution No. A97-370, the Airport Board requested and recommended to City Council and the City Manager the extension of said Agreement with Republic Parking, pursuant to Section 2-88(d) of the Municipal Code, on a month-to-month basis but no longer than April 30, 1998. The terms and conditions of the current Agreement would remain in full force and effect through the term of the extension, and the Agreement would be terminated upon the successful selection and execution of an Agreement with a successor. Staff believes that sufficient time exists, with the month-to-month extension, to allow for the efficient transition to a new operator if that is the result of the RFP process. Republic Parking will be invited and encouraged to submit a proposal to continue as the operator of our parking facilities.

In order to extend the current Agreement, the Board requests a special exemption be granted by City Council. The allowance for the above referenced extension of the Agreement is contained within City Code, Chapter 2, Section 2-88(d), Public and Operating Emergencies, which states: "The city manager may extend any agreement for the provision of services to the city upon receiving prior authorization for such extension from the city council by resolution, provided that the city manager shall determine and report to the city council, and the city council shall concur and find in said resolution, that the continued provision of such services to the city by the current provider is vital to the City's interests and the procurement of a new agreement for the provision of said services by competitive bid pursuant to Section 2-85 is impractical within the time remaining under the current agreement. Such agreement may be extended only for the period authorized by the city council in said resolution." Based on the circumstances surrounding the development of the RFP with proper recognition for the plans and specifications for the parking garage, the requirements of the new proposed revenue control equipment, and the other items enumerated above, staff feels it is warranted to request the extension for the limited period.

Fiscal Impact —

Revenues generated by the parking operation at the Airport have historically represented the top revenue source for the Airport System. Since fiscal year 1992, net parking revenues (after deduction of direct operating expenses) have increased from approximately \$1.3 million and 14.6 percent of total revenues, to approximately \$3.0

million and 25.5 percent of total revenues. During the five-year period referenced, net parking revenues have increased a total of approximately 226 percent. Due to the extreme importance of maintaining and growing this revenue stream in support of the debt proposed to be issued for the parking garages and necessary to support the Airport System, it is appropriate to evaluate, through an Request for Proposal (RFP), the qualifications of firms available for these services to ensure that the highest quality service and greatest revenue development is captured. The delay of the issuance of the RFP will not have a detrimental fiscal impact.

Recommendation —

On September 20, 1993, by Roll Call No. 93-3490, the City Council approved Ordinance 12,040, assigning certain rights and responsibilities pertaining to the Airport to the Des Moines International Airport Board, including the right to enter into leases up to three years in duration. As this Fourth Amendment is an extension to a five-year agreement, it will require approval through City Council. On November 4, 1997, by Resolution No. A97-370, the Airport Board requested and recommended to City Council to authorize and direct the City Manager to extend said agreement pursuant to Section 2-88(d) of the Municipal Code.

Background —

On December 7, 1992, by Roll Call No. 92-4599, City Council approved the Agreement for Management Services for Airport Parking Facilities with James C. Berry, d/b/a Republic Parking Systems (Republic), for a five-year term commencing on January 1, 1993, and is scheduled to expire on December 31, 1997. The selection of Republic was the result of an RFP process.

On December 20, 1993, by Resolution No. 93-46, the Airport Board approved the First Amendment to the Agreement for Management Services for Airport Parking Facilities to change vehicle parking rates. On September 7, 1994, by Resolution No. A94-209, the Airport Board approved the Second Amendment to the Agreement for Management

Services for Airport Parking Facilities to provide additional public services. On April 4, 1995, by Resolution No. A95-73, the Airport Board approved the Third Amendment to the Agreement for Management Services for Airport Parking Facilities to change the validation program.