

REPORT OF GENERAL MANAGER

NO. 03-365

DATE November 19, 2003

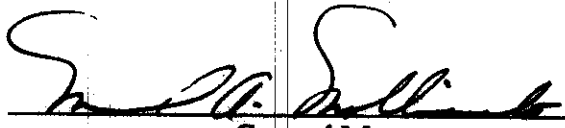
CD 9

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: APPROVAL OF AMENDMENT NUMBER ONE TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF RECREATION AND PARKS AND THE DEPARTMENT OF GENERAL SERVICES FOR OPERATION OF THE PERSHING SQUARE PARKING GARAGE

L. Barth _____
*T. Corrales
G. Stigile _____
H. Fujita _____

J. Kolb _____
B. Lukehart _____
F. Mok _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

It is recommended that the Board:

1. Approve Amendment Number One to the Memorandum of Understanding (MOU) with the Department of General Services (GSD), substantially in the form attached, for the management, operation, maintenance and security of the Pershing Square Garage extending the term for an additional five (5) years, with an option for extension of an additional five (5) years, at the discretion of the Recreation and Parks Department, subject to the approval of the City Attorney as to form; and
2. Direct the Board Secretary to transmit the Amendment to the Mayor and the City Attorney for review; and
3. Authorize the Board President and Secretary to execute Amendment Number One to the MOU upon receipt of approval from the Mayor and the City Attorney.

BACKGROUND

On January 19, 2000, the Board adopted Report No. 00-42, approving the concept of City self-operation of the Pershing Square Parking Garage and the enhancement of maintenance, security and recreational services at Pershing Square Park. Staff was directed to negotiate a Memorandum of

REPORT OF GENERAL MANAGER

PG. 2

NO. 03-365

Understanding (MOU) between the Department of Recreation and Parks (RAP) and the Department of General Services (GSD) for the management of the parking garage. The MOU was negotiated and the City took over garage operations on September 22, 2000.

GSD provides management services for the Pershing Square Garage, handling parking operation, building repair and maintenance, security and capital improvement needs and any other garage facility needs. They work cooperatively with RAP to provide parking and services for park programs. GSD submits an annual proposed budget to RAP for the cost of operating the garage based on GSD's direct costs. Revenue beyond garage expenses is allocated to RAP to create new and enhanced recreation programs and park services for the Pershing Square community. The revenue also provides funding for the continued repair, maintenance and capital improvement needs of the facility. Net revenue, beyond GSD and RAP expenses previously mentioned, is allocated annually for the establishment of new and enhanced youth programming for the Pershing Square Community.

GSD has achieved many accomplishments since they assumed management of the garage under the MOU. They complied with the City's Worker Retention Ordinance, employing ten full-time staff from the previous employer's operation as Vocational Workers. All those retained at the transition are still employed by GSD and continue to work at the garage. GSD has completed many improvements to the parking garage facility, including adding new parking fee computers and parking equipment. Many deferred maintenance issues were encountered during the first year of garage operations. GSD has addressed the most critical of the many deferred maintenance issues including the correction of all building code violations, service to all backup generators, drain cleaning, painting, elevator and escalator maintenance, repair and upgrades. Physical plant maintenance will continue to be a large part of GSD's work in the parking garage into the future. In addition to work inherited when we assumed operations, the parking garage structure is over 50 years old and will require careful attention and adequate funding in order to preserve the building in good condition. Some projects require multi-year savings plans in order to build the cash necessary to fund the necessary work. GSD continues to assess and plan for the repair and upgrade of major physical plant systems.

Garage revenues have supported many park level improvements as well. RAP installed a successful pigeon abatement system to abolish a long-standing problem, expanded and enhanced recreational programming with weekend and evening concerts, purchased new tables, chairs and umbrellas, allocated additional resources to park maintenance, and repainted the yellow and tan portions of the Square. Youth programming was enhanced, including Take your Child to Work Day concerts and activities and a children's theatre spring break program featuring music, storytelling, drama and puppetry. Winter programming is enhanced, including holiday lighting and "Downtown on Ice" youth programming such as "Glide-In Movies", teen concerts, a Winter Family Festival, and Snow Zone, a special event featuring fresh snow, activities and entertainment.

REPORT OF GENERAL MANAGER

PG. 3

NO. 03-365

Several park level capital improvement projects are being realized. Arm rests were added to park benches to add to the comfort of visitors and to ensure equitable seating for all, and bench sections were removed to improve visitor traffic flow and to create more user-friendly areas. Repairs and upgrades to park lighting are currently underway, and the fountain was renovated and preventive measures were taken to protect surfaces that come in contact with the water. GSD and RAP are in the process of creating newly designed parking garage signs that will modernize and upgrade the look of the facility from the street. They will also allow for a list of events and services at the facility to be posted.

GSD estimates gross revenue for fiscal year 2003-2004 to be approximately \$3,242,000, an increase of \$2,558,000 from the first 12 months of operation's revenue.

RAP has been pleased with the quality of GSD's management and with GSD's ability to provide a consistent financial return. The working relationship between RAP and GSD has been successful. Garage management and staff members have created a positive relationship with garage customers and the surrounding community, and have received many compliments from customers about their customer-friendly management style and facility improvements. The garage has earned a reputation for cleanliness, quality service, and safety in the community. While garage operations will always be subject to market conditions, GSD and RAP expect that garage patronage will continue to grow.

The Pershing Square Garage operation provides high quality parking services to the community and will continue to provide net revenue that will allow RAP to provide enhanced recreation programs and park services to the Pershing Square community. The success of the innovative working arrangement between RAP and GSD earned both departments a Productivity Improvement Award from the City of Los Angeles Quality and Productivity Commission in 2002, as well as special recognition from the City Council. Self-operation of the Pershing Square Garage provides a working model for other such ventures and will continue to generate long-term benefits for RAP and for the Pershing Square community.

The initial MOU between GSD and RAP provided for a period of three (3) years with additional unspecified time permitted at the option of RAP. Staff is in agreement and recommends that the Board extend the MOU for an additional five (5) years, with the option of another five (5) year extension, at the Department's discretion upon further evaluation and Board approval.

This report was prepared by Carol Jacobsen, Senior Management Analyst I.