

0150-11817-00010

TRANSMITTAL

TO The City Council	DATE 03/12/21	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

Proposed Fifth Amendment to Contract C-119654 with Conduent State and Local Solutions, Inc. for the LA Express Park program

Pursuant to the Mayor's Fiscal Year 2020-21 Cost Containment Memo dated June 24, 2020, this contract amendment is to support revenue-generating activity from parking meters and parking lots, and is funded by budgeted special funds. The contract amendment is authorized for execution and forwarded for consideration. Please see the City Administrative Officer report attached.



(Ana Guerrero for)

MAYOR

Report From OFFICE OF THE CITY ADMINISTRATIVE OFFICER Analysis of Proposed Contract (\\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 02-25-21	C.D. No. All	CAO File No.: 0150-11817-0000
Contracting Department/Bureau: Department of Transportation		Contact: Angela De La Rosa (213) 972-5949	
Reference: Department of Transportation request to the Mayor's Office and the Office of the City Administrative Officer dated November 30, 2020			
Purpose of Contract: Amendment to increase the total compensation and extend the contract term for up to two years to provide development, installation, and operation of the systems and equipment for the LA Express Park Program			
Type of Contract: () New contract (X) Amendment, Contract No. C-119654		Contract Term Dates: September 29, 2011 to March 28, 2023 (two-year and six-month extension from September 28, 2020 to March 28, 2023)	
Contract/Amendment Amount: \$1,500,000			
Proposed amount \$ 2,250,000 + Prior award(s) \$ 35,500,000 = Total \$ 37,750,000			
Source of funds: Special Parking Revenue Fund			
Name of Contractor: Conduent State and Local Solutions, Inc.			
Address: 12410 Milestone Center Drive, 5 th Floor, Germantown, MD 20876			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 0%			
8. Business Inclusion Program	X		
9. Equal Benefits & First Source Hiring Ordinances	X		
10. Contractor Responsibility Ordinance	X		
11. Disclosure Ordinances	X		
12. Bidder Certification CEC Form 50	X		
13. Prohibited Contributors (Bidders) CEC Form 55	X		
14. California Iran Contracting Act of 2010	X		


RECOMMENDATION

That the Mayor and Council authorize the General Manager of the Department of Transportation (LADOT), or designee, to execute the Fifth Amendment to Agreement C-119654 with Conduent State and Local Solutions, Inc., to increase the total compensation of the contract by \$2,250,000, from \$35,500,000 to \$37,750,000, and continue the LA Express Park program for a period through March 28, 2023.

SUMMARY

LADOT is requesting authorization to increase the total compensation by \$1,500,000 (from \$35,500,000 to \$37,000,000) and extend the term of the agreement with Conduent State and Local Solutions, Inc. (Conduent) to manage the LA Express Park program for up to two years through September 28, 2022, in order to prevent a lapse in service while LADOT prepares a new Request for Proposals (RFP).

The LA Express Park program is an intelligent parking management system that is used to apply demand-based dynamic pricing into on-street parking meter operations, track parking availability, and provide overall parking guidance for motorists. The contractor is responsible for developing, installing, operating, and maintaining the systems and equipment needed to implement the LA Express Park

Roy Cervantes			 City Administrative Officer
RC	Analyst	06210075	

program. The LA Express Park contract, including all previously approved extensions, expired on September 28, 2020, and the contractor has been continuing to provide service for the parking management system and staff support for meter operations on a month-to-month basis, while all expansion-related work has been put on hold pending a new amendment. LADOT had been working to release an RFP and award a contract in order to meet the contract termination date, but the timeline was delayed due to the COVID-19 pandemic and the associated budget downturn.

After discussion with LADOT staff, this Office recommends an additional six months to the proposed extension, for a total extension of two years and six months. The recommended contract extension would allow LADOT sufficient time to release a new RFP and award a contract without a lapse in LA Express Park operations. In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval of the proposed amendment is required because the total contract term, including the proposed extensions, will exceed three years.

In addition, LADOT's proposed Fifth Amendment includes a request to increase the total compensation of the contract by \$1,500,000, from \$35,500,000 to \$37,000,000, to allow Conduent sufficient resources to continue operations through the time extension while the new RFP is being issued, and allow enough time to continue implementation of the LA Express Park expansion that has been delayed since March 2020 due to the COVID-19 pandemic.

After discussion with LADOT staff, this Office recommends an additional \$750,000 to the compensation limit to cover the additional six months, for a total compensation limit of \$37,750,000. The proposed Fifth Amendment would also reduce the City's monthly contract costs by about \$10,000 beginning in October 2020, as a mutual agreement due to the City's fiscal emergency. LADOT anticipates that the current compensation limit of \$35.5 million will be reached by the end of September 2021. The LA Express Park expansion plan calls for the program to optimize metered parking in various areas of the City, including the Hollywood/Echo Park, Venice, Arts District, and Exposition Park/USC areas. The City has received \$1.8 million in grant funds for additional LA Express Park projects, which were not contemplated as part of the original contract. Conduent has previously provided support for these expansion projects under the current contract, so the proposed compensation increase would cover the operating costs associated with the additional time extension.

BACKGROUND

In September 2011, LADOT executed a four-year contract not to exceed \$30.5 million with ACS State and Local Solutions, Inc. to develop, install, and operate the systems and equipment needed to implement the LA Express Park program. In April 2012, ACS State and Local Solutions, Inc., changed its name to Xerox State and Local Solutions, Inc.

In October 2015, LADOT executed the First Amendment to the contract, which extended the contract term for an additional three years, with two optional one-year extensions, for a total extension of up to five years. In February 2017, Xerox State and Local Solutions, Inc. again changed its name to Conduent State and Local Solutions, Inc.

In September 2018, the Mayor and Council authorized a Second Amendment to increase the contract's total compensation limit by \$5 million, from \$30.5 million to \$35.5 million. In September 2018 and 2019,

LADOT authorized the Third and Fourth Amendments to the contracts to execute each of the previously approved one-year contract extensions.

The Department is now requesting a Fifth Amendment to extend the LA Express Park contract with Conduent from September 29, 2020 through March 28, 2023, to allow for operations and expansion work to continue while the Department develops and issues a new RFP for these services, and to increase the contract compensation from \$35.5 million to \$37.25 million.

Cost Containment Memo Compliance

In accordance with the Mayor's Cost Containment Memo dated June 24, 2020, the execution of new contracts and contract amendments are suspended unless certain exception criteria are met. Departments may request approval to proceed with contracts and expenditures that are: 1) essential to public health and safety, 2) revenue generating, or 3) legally mandated.

This Office recommends an exception for these agreements inasmuch as these services are revenue generating, as the City collects revenues from meter rates from parking meters, parking lots, as well as indirect revenue from parking citations when enforced. The contract and proposed amendment are funded entirely by the Special Parking Revenue Fund and have no direct impact on the General Fund.

FISCAL IMPACT STATEMENT

There is no direct General Fund impact. Funding is available for the proposed contract amendment within the Special Parking Revenue Fund. Funding for subsequent years of the contract will be provided in those fiscal year budgets.


FINANCIAL POLICIES STATEMENT

The recommendations comply with City Financial Policies in that sufficient special fund revenues are available and eligible for this purpose.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: November 24, 2020

To: The Honorable Eric Garcetti, Mayor
Attention: Heleen Ramirez, Legislative Coordinator

From: Seleta J. Reynolds, General Manager 
Department of Transportation

Subject: **AMENDMENT TO AGREEMENT C-119654 BETWEEN THE LOS ANGELES DEPARTMENT OF TRANSPORTATION AND CONDUENT STATE AND LOCAL SOLUTIONS, INC. FOR EXTENSION OF CONTRACT TERM AND INCREASE IN COMPENSATION LIMIT**

SUMMARY

The Los Angeles Department of Transportation (LADOT) requests authorization to execute an amendment to Agreement C-119654 with Conduent State and Local Solutions, Inc. to extend the contract term a year, with the option to extend the contract up to an additional year. The contract extension will allow the Department sufficient time to release a Request for Proposals (RFP) to award a new agreement to manage LA Express Park, an intelligent parking management system. LADOT's progress toward preparation of the RFP slowed in recent months due to the local emergency caused by the Coronavirus 2019 (COVID-19).

RECOMMENDATIONS

That City Council, subject to concurrence by the Mayor:

1. APPROVE and AUHTORIZE the LADOT General Manager to execute a Fifth Amendment to Agreement C-119654 with Conduent State and Local Solutions, Inc. extending the contract term from September 28, 2020 to September 28, 2021, with the option to extend the contract up to a year on a month-to-month basis from September 28, 2021 to September 28, 2022; and
2. APPROVE and AUTHORIZE a \$1.5 million increase in the total compensation limit of Agreement C-119654, from \$35.5 million to \$37.0 million.

DISCUSSION

On September 29, 2011, LADOT entered into a two-year contract with ACS State and Local Solutions, Inc. to provide development, installation, and operation of the systems and equipment necessary to implement the LA Express Park program, an intelligent parking management system. The City Council authorized LADOT to execute the contract for a term of two years with two one-year options to extend with a total compensation not to exceed \$30.5 million. In 2013 and 2014, LADOT exercised the two one-year options available on the contract, which extended the term to September 28, 2015.

LADOT executed the First Amendment to the contract on October 27, 2015, which extended the term until September 28, 2018 and provided the City the right to exercise two additional one-year options. On September 17, 2018, the City Council authorized a \$5 million increase in the total compensation limit of the contract, from \$30.5 million to \$35.5 million (CF 11-1333). In 2018 and 2019, LADOT exercised the two one-year options available on the contract, which extended the term to September 28, 2020.

Since the execution of the original contract, the contracting party, ACS State and Local Solutions, Inc. changed its name twice. It first changed its name to Xerox State and Local Solutions, Inc. on April 2, 2012, and then to Conduent State and Local Solutions, Inc. on February 16, 2017.

The attached Fifth Amendment meets Mayor Garcetti's cost containment measures set in response to the COVID-19 emergency, by providing the City with enhanced revenues and cost savings. The City's parking meters generate revenues from meter rates, as well as from parking citations. The LA Express Park program enhanced meter revenues by adjusting meter rates through the implementation of a dynamic pricing model. The contract extension will permit the Department to maintain the intelligent parking management system and to expand the program to new areas creating parking turnover, enhancing access, and generating additional meter revenues. This Fifth Amendment also includes an agreement to reduce Conduent's contract costs by \$10,000 monthly beginning October 1, 2020. LADOT requests the extension of its contract with Conduent for continued services to manage the LA Express Park program and the 37,000 parking meters citywide, which generate critical revenue for the City of Los Angeles. Conduent administers the intelligent parking management system facilitated by their proprietary MERGE system, which was developed for LADOT under the original contract. The contract extension is needed to carry out the City Council and Mayor mandated LA Express Park expansion work that slowed since March 2020 due to the local and public health emergency caused by COVID-19, and to manage future delays and impacts created before there is a return to normal. COVID-19 caused delays in several aspects of LA Express Park operations, including fieldwork and the engineering approval process. COVID-19 also slowed LADOT's efforts to release a RFP to award a new contract for the continued management and expansion of LA Express Park, which is essential to the daily parking meter operations and planned growth of demand-based parking pricing.

The Department requests a \$1.5 million increase in the total compensation limit, from \$35.5 million to \$37.0 million. LADOT anticipates nearing the current compensation limit by the end of September 2021, prior to completion of grant-funded projects. The City received \$1.8 million in grant funds for additional LA Express Park projects not contemplated or included in the original contract. This increase adds to the needed compensation authority for these projects. The new projects include the expansion of the LA Express Park program to the Venice, Arts District, and Exposition Park/USC areas, to optimize the metered parking in these areas. LADOT expects the expansion of LA Express Park to generate additional revenue based on demand because these expansion areas are currently underpriced.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the General Fund. Funding for the contract extension will come from the Special Parking Revenue Fund (SPRF). Funding previously authorized from the SPRF for this contract is sufficient to cover the costs of the first year of the contract extension.

SJR:JK:nk

Attachment

**FIFTH AMENDMENT TO AGREEMENT C-119654
BETWEEN
THE CITY OF LOS ANGELES
AND
CONDUENT STATE AND LOCAL SOLUTIONS, INC
FOR LOS ANGELES EXPRESS PARK**

This **FIFTH AMENDMENT** between the City of Los Angeles (hereinafter referred to as “CITY” or “LADOT”), a municipal corporation, acting by and through the Department of Transportation (LADOT) and Conduent State and Local Solutions, Inc., a New York Corporation (hereinafter referred to as “Conduent” or “CONTRACTOR”), is entered into with reference to the following:

WHEREAS, the CITY released a Request for Proposals on November 3, 2010 for the development, installation, and operation of an Intelligent Parking Management System (“System”); and

WHEREAS, the CITY selected Conduent by way of a competitively bid procurement process, based on the determination that Conduent displayed the requisite skills, technologies, and proficiencies to provide the “System”; and

WHEREAS, the parties entered into Agreement C-119654 for a four-year term beginning September 29, 2011 through September 28, 2015, wherein CONTRACTOR agreed to provide the services; and

WHEREAS, the First Amendment to the AGREEMENT extended the contract term to September 28, 2018 and declared the CITY will have the right to exercise two additional one-year options which extended the CONTRACT term to September 28, 2020; and

WHEREAS, in response to the CITY’S fiscal emergency, the parties agree to an approximately \$10,000 reduction in monthly contract costs beginning October 1, 2020; and

WHEREAS, the parties desire to perform their obligations under this AGREEMENT in accordance with the terms and conditions of this AGREEMENT and its associated exhibits; and

WHEREAS, under Section 13, Subparagraph iii, EXTENSIONS, - allows for “extensions of time for CONTRACTOR performance do not significantly impact either the scope or cost of this CONTRACT, CITY’s General Manager or his designee may grant CONTRACTOR extensions of time.”; and

WHEREAS, LADOT desires in this Fifth Amendment to extend the term of this contract to September 28, 2021, with the CITY having the right to exercise one additional one-year month-to-month option to extend the CONTRACT to September 28, 2022; and

WHEREAS, on September 29, 2014, Change Order Number 5, Section 2.2 previously reduced the monthly cost for Merge™ from \$83,906.78 to \$65,081;

NOW, THEREFORE, in consideration of the above premises, and the mutual covenants and agreements herein contained, the parties agree as follows:

1. SECTION 3, TERM & TERMINATION: The Subsection (i) is hereby replaced in its entirety by the following:

“The term of this Agreement shall commence on September 29, 2011 (“Effective Date”) and end on September 28, 2021. Thereafter, the CITY shall have the right to extend the contract on a month-to-month basis up to one additional year, from September 28, 2021 to September 28, 2022, provided that the CITY provides a written notice to the CONTRACTOR of the CITY’s intent to exercise the month-to-month extension no less than ninety days (90) days prior to September 28, 2021.”

2. SECTION 3, TERM & TERMINATION: Add a new “Subsection (iv) Termination During the Month-to-Month Extension, as follows:

“iv. Termination During the Month-to-Month Extension -- If the CITY exercises its right to extend the CONTRACT on a month-to-month basis beyond September 28, 2021, pursuant to Section 3(i), the CITY may terminate the month-to-month extension prior to September 28, 2022, provided the CITY provides CONTRACTOR with a written notice of its intent to terminate the CONTRACT no less than sixty (60) days prior to the actual termination date.

3. SECTION 6, COMPENSATION: Amend the Section to hereby strike “ACS” and replace it with “CONTRACTOR,” to read as follows:

“Subject to the provisions of this Agreement, the CITY will pay the CONTRACTOR in accordance with Exhibit 2 (Payment Schedule), attached hereto and made a part hereof. Payment terms for materials and services will be as specified in Exhibit 2. Each invoice provided by the CONTRACTOR to the CITY will separately state all applicable charges, reimbursable expenses and taxes payable. Invoices delivered pursuant to Exhibit 2 will be due and payable within thirty (30) days after invoice issuance, unless other payment terms are mutually agreed to.”

4. EXHIBIT 2 (Payment Schedule), ATTACHMENT C - EXPRESS PARK™ PRICE SCHEDULES, PARKING MANAGEMENT SYSTEM - FINAL PRICING, SYSTEM MAINTENANCE COST, MERGE™ (monthly cost) is hereby amended as follows and effective October 1, 2020:

- The cost for Merge™ is hereby reduced by this Amendment from “\$65,081” to “\$55,000” per month.

5. All other terms and conditions of the Agreement not changed by this Amendment or prior Amendments remain in full force and effect.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

THE CITY OF LOS ANGELES

**CONDUENT STATE AND LOCAL SOLUTIONS, INC.,
a New Jersey Corporation**

By: _____

Seleta J. Reynolds
General Manager
Department of Transportation

Date: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: _____

Michael Nagle
Deputy City Attorney

Date: _____

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: _____

Date: _____

City Agreement Number: C-119654

Council File Number: 11-1333

By*: _____

Holly Cooper
Vice President – General Manager
Conduent State and Local Solutions, Inc.

Date: _____

By**: _____

Nicholas Bevilacqua
Assistant General Counsel - Transportation
Sector
Conduent State and Local Solutions, Inc.

Date: _____

NOTE: If Contractor is a corporation, two signatures are required.

* The signature of President, Chairman of the Board, or Vice President is required here; and
** an additional signature of Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer is also required for the Corporation.