

OFFICE OF THE CITY ATTORNEY
7523
10/18/16

ORDER AUTHORIZING AN AGREEMENT WITH HUDSON AND ASSOCIATES, LLC FOR A PARKING METER SERVICES PROGRAM FOR A TERM OF 10 YEARS WITH OPTIONS TO TERMINATE THE CONTRACT AT THE CITY'S SOLE OPTION AFTER CONTRACT YEAR 4 AND CONTRACT YEAR 7 (ALL WARDS)

WHEREAS, the City desires to make improvements to its current parking meter program by updating its meter stock with new meters that make use of existing payment option technologies and other enhancements, increasing enforcement efforts, and increasing the percentage of traffic fines collected; and

WHEREAS, the City solicited requests for proposal for a parking meter program beginning on January 7, 2016 and proposals were received on March 1, 2016; and

WHEREAS, an Evaluation Committee consisting of representatives of the Department of Public Works, the Police Department, and the Municipal Court division reviewed the proposals received and recommended that the best proposer was Hudson and Associates, LLC; and

WHEREAS, the Department of Public Works has negotiated with Hudson and Associates, LLC and obtained a Program for Parking Meter Services which includes the installation of new meters that will be owned by Hudson and Associates, LLC, responsibility for maintenance and collection of the meters, responsibility for enforcement of City ordinances with respect to parking, including a policy for booting repeat violators, and responsibility for collecting fines from parking ordinance violations; and

WHEREAS, in exchange for operating the Park Meter Services Program, Hudson and Associates, LLC guarantees an annual payment to the City of Jackson in the amount of \$250,008.00 to be paid in twelve equal monthly installments of \$20,834.00 or in Contract Years 1 and 2, the greater of the guaranteed payment or 25% of annual profits; in Contract Years 3 and 4, the greater of the guaranteed payment or 30% of annual profits; in Contract Years 5 through 7, the greater of the guaranteed payment or 35% of annual profits; and in Contract Years 8 through 10, the greater of the guaranteed payment or 40% of annual profits; and

WHEREAS, Hudson and Associates, LLC will convey ownership in the meters to the City at no additional expense at the end of the contract period, or, if the City elects to terminate the contract at the end of Year 4 or Year 7, at an amount to be determined that will compensate Hudson and Associates, LLC for the their investment in the Parking Meter Services Program with a reasonable return on their investment; and

WHEREAS, the Department of Public Works recommends that the Mayor be authorized to enter into an agreement with Hudson and Associates, LLC for a Parking Meter Services Program.

IT IS, THEREFORE, ORDERED that the Mayor is authorized to enter into an agreement with Hudson and Associates, LLC for a Parking Meter Services Program with a term of ten years

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Agenda Date: 10-18-16
By: (Smash, Yarber)

with options to terminate the contract solely at the City's discretion at the end of Year 4 and Year 7 of the agreement upon payment of an amount to be determined that will compensate Hudson and Associates, LLC for their investment and upon payment Hudson and Associates, LLC will convey ownership of the parking meters purchased for the Program to the City of Jackson.

IT IS FURTHER ORDERED that during the term of the agreement Hudson and Associates, LLC guarantees and annual payment to the City of Jackson in the amount of \$250,008.00 to be paid in twelve equal monthly installments of \$20,834 or in Contract Years 1 and 2, the greater of the guaranteed payment or 25% of annual profits; in Contract Years 3 and 4, the greater of the guaranteed payment or 30% of annual profits; in Contract Years 5 through 7, the greater of the guaranteed payment or 35% of annual profits; and in Contract Years 8 through 10, the greater of the guaranteed payment or 40% of annual profits.

IT IS FURTHER ORDERED that Hudson and Associates, LLC will install new parking meters, be responsible for maintenance and collection of the meters, be responsible for enforcement of City ordinances with respect to parking, including a policy for booting repeat violators, and be responsible for collecting fines from parking ordinance violations under the agreement for a Parking Meter Services Program.

CITY COUNCIL AGENDA ITEM 10 POINT DATA SHEET

October 12, 2016

DATE

POINTS		COMMENTS
1.	Brief Description/Purpose	ORDER AUTHORIZING AN AGREEMENT WITH HUDSON AND ASSOCIATES, LLC FOR A PARKING METER SERVICES PROGRAM FOR A TERM OF 10 YEARS WITH OPTIONS TO TERMINATE THE CONTRACT AT THE CITY'S SOLE OPTION AFTER CONTRACT YEAR 4 AND CONTRACT YEAR 7 (ALL WARDS)
2.	Public Policy Initiative 1. Youth & Education 2. Crime Prevention 3. Changes in City Government 4. Neighborhood Enhancement 5. Economic Development 6. Infrastructure and Transportation 7. Quality of Life	Economic Development, Infrastructure and Transportation, Quality of Life
3.	Who will be affected	Persons using metered on-street parking
4.	Benefits	Replace existing meters with state-of-the-art parking meters allowing a variety of payment options; increased enforcement of City parking ordinances in metered areas.
5.	Schedule (beginning date)	November 1, 2016
6.	Location: ▪ WARD ▪ CITYWIDE (yes or no)(area) ▪ Project limits if applicable	Areas of Downtown, which have metered, on-street parking
7.	Action implemented by: ▪ City Department <input checked="" type="checkbox"/> ▪ Consultant <input type="checkbox"/>	Department of Public Works and the Chief Administrative Officer
8.	COST	No upfront costs; Parking meter revenues for the next 10 years, minus a \$250,000 guaranteed annual payment plus an increasing share of profits ranging from 25% in year 1 to 40% in years 8-10
9.	Source of Funding ▪ General Fund <input checked="" type="checkbox"/> ▪ Grant <input type="checkbox"/> ▪ Bond <input type="checkbox"/> ▪ Other <input type="checkbox"/>	No upfront costs, but City would no longer receive revenue from parking meters and parking violations; this would be offset by an guaranteed annual payment of \$250,000.00 plus an increasing share of profits ranging from 25% in year 1 to 40% in years 8-10
10.	EBO participation	ABE _____% WAIVER yes ___ no ___ N/A _____ AABE _____% WAIVER yes ___ no ___ N/A _____ FBE _____% WAIVER yes ___ no ___ N/A _____ HBE _____% WAIVER yes ___ no ___ N/A _____ NABE _____% WAIVER yes ___ no ___ N/A _____



**City of Jackson
Department of Public Works**

To: Mayor Tony T. Yarber

From: Jerriot Smash 

Council Agenda Item Briefing Memo

Agenda Item: **ORDER AUTHORIZING AN AGREEMENT WITH HUDSON AND ASSOCIATES, LLC FOR A PARKING METER SERVICES PROGRAM FOR A TERM OF 10 YEARS WITH OPTIONS TO TERMINATE THE CONTRACT AT THE CITY'S SOLE OPTION AFTER CONTRACT YEAR 4 AND CONTRACT YEAR 7 (ALL WARDS)**

Item #:

Council Meeting: Regular Council Meeting, October 18, 2016

Purpose: To enter into an agreement to create and operate a Parking Meter Services Program

Cost: No upfront costs to the City; Contractor will guarantee a payment of \$250,000.00 annually plus all profits in excess of no more than 15% of annual expenses

Funding Source: Parking Meter Revenues from meters and parking tickets

Background:

The City has had parking meters that it maintained, collected, and enforced violations of the City parking ordinances in the Downtown area for decades. The responsibilities for the various aspects of the parking meter program have been distributed among the Department of Public Works (meter maintenance and collection from meters); Police Department (enforcement of parking ordinances); and Department of Administration (adjudication and collection of fines for parking violations). Recently, revenue from parking meters has declined for a variety of reasons, including reductions in staff in all three departments and the aging parking meter stock.

The Department of Public Works was charged with conducting a Request for Proposals competitive process to select a vendor who could provide all of the services being provided by the three City departments (except adjudication of tickets in Municipal Court) more effectively and efficiently, in addition to providing new meters at no initial investment by the City of Jackson.



City of Jackson Department of Public Works

The Department of Public Works created an Evaluation Committee to rate the proposals received. The Evaluation Committee had representation from all three of the departments who currently share responsibility for the City's current parking meter program: Department of Public Works; Police Department; the Department of Administration. After receiving the proposals in March of this year, the Evaluation Committee scored the proposals and recommended that the City enter into negotiations with Hudson and Associates, LLC. The negotiation process was more involved than other requests for proposals because the RFP was open as to the contract structure for operating the program. The key consideration was that any program could not require any upfront investment by the City of funds beyond the existing revenue from parking meters. This requirement was made necessary because of the tight budget constraints on the City during the 2016 fiscal year and projected for the 2017 fiscal year.

Currently, the City is receiving revenue of approximately \$180,000.00 a year from meter usage at a cost of approximately \$80,000.00 for labor and supplies. Municipal Courts reported revenue of \$106,105.00 from parking meter violations in Fiscal Year 2015, while the Police Department reported current labor costs for two parking enforcement officers of \$53,256.00. This equates to revenue after expenses from the City's current parking meter program of approximately \$153,000.00. Even in Fiscal Year 2011 when revenue from meters was \$199,228.00 and fines from parking meter violations was \$163,034.00, revenue after expenses was only approximately \$230,000.00.

Following negotiations between Hudson and Associates, LLC and the Department of Public Works, we have agreed on the framework of a contract that the Department of Public Works believes will meet the City's needs. Hudson and Associates, LLC will make a guaranteed minimum payment of \$250,008.00 annually, paid in monthly amounts of \$20,834.00 or, in Contract Years 1 and 2, the greater of the guaranteed payment or 25% of annual profits; in Contract Years 3 and 4, the greater of the guaranteed payment or 30% of annual profits; in Contract Years 5 through 7, the greater of the guaranteed payment or 35% of annual profits; and in Contract Years 8 through 10, the greater of the guaranteed payment or 40% of annual profits. Hudson and Associates, LLC will be responsible for replacing the City's existing parking meters at an estimated cost, including installation, of \$1,400,000.00. Hudson will be responsible for all of the operations of the City's parking meter program with the exception of the adjudication of violations, which will still be done by a municipal judge. Hudson does intend to offer a ticket review process where anyone contesting a ticket may review the evidence of the violation. Hudson will collect coins from the meters and maintain them, enforce City



**City of Jackson
Department of Public Works**

parking ordinances in the areas of the City having parking meters, including the use of a boot for repeat offenders, collect fines being voluntarily paid, and pursue delinquent fines. Hudson will report their verifiable expenses and other program metrics to the City monthly and make any additional payment above the guaranteed payment due from the profit sharing agreement. Hudson and Associates, LLC would own the meters throughout the term of the agreement, but would convey title to the City at the end of the term or earlier, if the City exercises its termination option and pays the buyout amount.

Based on projections prepared by Hudson and Associates, LLC at an hourly rate of \$1.00, the City could expect to see any payments in excess of the \$250,008.00 annual guarantee amount in 2019, which is Year 3 of the Agreement. Based on Hudson's projections, the City would receive \$294,650 in Years 3 and 4, \$343,759 in Years 5 through 7, and \$392,867 in Years 8 through 10.

In order to comply with Mississippi law, the agreement will provide options for the City to terminate at the end of Years 4 and 7 of the contract at its sole discretion. However, Hudson and Associates, LLC will require a significant buyout to recoup their investment in the program including their expenses and the capital cost of the new meters. In year 4 this amount could be as much as \$2,000,000.00 and as much as \$1,700,000.00 in year 7.

In order for the City to see any significant profits over the guaranteed payment, the Department of Public Works will be proposing to increase the hourly parking meter rate to \$1.00 from the current rate of \$0.50. Also, in order for Hudson and Associates, LLC to be responsible for enforcement of City parking ordinances, Mississippi law requires that the City Council enact an ordinance granting Hudson this authority.

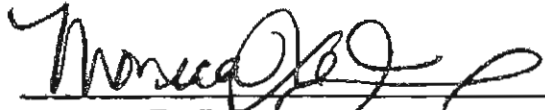
Please let me know if you have any questions.

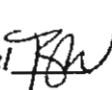
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This ORDER AUTHORIZING AN AGREEMENT WITH HUDSON AND ASSOCIATES LLC FOR A PARKING METER SERVICES PROGRAM FOR A TERM OF 10 YEARS WITH OPTIONS TO TERMINATE THE CONTRACT AT THE CITY'S SOLE OPTION AFTER CONTRACT YEAR 4 AND CONTRACT YEAR 7 (ALL WARDS) is legally sufficient for placement in NOVUS Agenda.



Monica D. Joiner, City Attorney
Terry Williamson, Legal Counsel 



DATE

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10/12/16