



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** BL2022-1475, **Version:** 1

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An ordinance approving an agreement by and between the Metropolitan Government and LAZ Parking Georgia, LLC relating to the operation and management of the on-street metered parking program within the public rights-of-way of the Metropolitan area, and approving a lease agreement to lease Metropolitan Government property to LAZ Parking Georgia, LLC, to use as office space in performing these functions (2022M-041AG-001).

WHEREAS, Section 11.907 of the Charter provides the following as to the Traffic and Parking Commission (the "Commission"):

Sec. 11.907. - Management and control of parking meters, garages and other traffic facilities.

The commission shall have power to control and manage parking facilities in any metropolitan street or road, including the installation of parking meters or other necessary equipment in connection therewith. The commission shall prescribe and may revise a schedule of service charges in connection with the use of parking meters, a copy of which schedule shall be kept on file and subject to public inspection at the office of the commission and at the office of the metropolitan clerk.

The commission shall also have control and management of any public parking garage or other traffic facilities, and with the acquisition, construction and establishment of the same. The commission may enter into lease agreements with private operators to operate the parking facilities owned by the metropolitan government. The commission is authorized to collect rents, fees or other charges for such parking garage and other traffic facilities as it may operate and manage.

All moneys collected by the commission from parking meters, or any other service charges, shall be remitted by it to the metropolitan treasurer, who shall keep such moneys in a separate account earmarked for traffic and parking improvements; and,

WHEREAS, the Metropolitan Government ("Metro") has determined that its on-street metered parking program (the "Metered Parking System") is in need of modernization, is not as efficient and convenient as it could be, and does not maximize the value of the program for funding traffic and parking improvements, as described in Section 11.907 of the Charter; and,

WHEREAS, the authority provided in Section 11.907 of the Charter authorizes Metro to enter into lease agreements with private operators to operate parking facilities such as on-street metered parking within the rights of way of Metro effectively authorizes Metro to utilize a competitive procurement process to contract for the operation of the on-street metered parking within the Metro rights-of-way; and,

WHEREAS, Metro accordingly issued RFQ # 98182 (the "RFQ") with the objective of soliciting respondent qualifications and detailed feedback from parking management experts regarding improvements to Metro's Metered Parking System; and,

WHEREAS, on December 30, 2021, Metro awarded the RFQ to LAZ Parking Georgia, LLC (Parking Company) and conducted final contract negotiations with Parking Company which have resulted in an agreement between Metro and Parking Company (collectively, "the Parties") to be approved by the Commission and the Metro Council (the "Agreement"); and,

WHEREAS, Metro has established a Metered Parking System and Metro desires to grant Parking Company the right, on Metro's behalf, to operate, maintain and manage the Metered Parking System for the Term (as defined in the Agreement) of the Agreement, in consideration of the payments and activities to be made by Parking Company pursuant to the Agreement; and,

WHEREAS, Parking Company desires to accept the responsibility, on Metro's behalf, to operate, maintain and manage the Metered Parking System for the term of the Agreement, in consideration of the payments to be made to Parking Company per that same Agreement; and,

WHEREAS, the Parties intend that Metro will maintain ownership of the Metered Parking System and the right, in Metro's sole discretion, to dictate the means, manner and time in which the Metered Parking System will be operated (including whether to implement changes to rates, meters, hours of operation, system regulations, fees, street usage, curb design and maintenance, meter closures and other key public policy matters); and,

WHEREAS, the Parties intend that the day-to-day operational decision-making for the Meter Parking System will reside with Parking Company, provided that Parking Company must operate the Metered Parking System in compliance with the Agreement and the agreed Business Plan proposed by Parking Company and updated from time to time with the approval of Metro; and,

WHEREAS, it is in the best interests of Metro that the Agreement be approved.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The Parking Agreement between the Metropolitan Government of Nashville and Davidson County, acting by and through the Metropolitan Traffic and Parking Commission, and LAZ Parking Georgia, LLC, which is attached hereto as Exhibit A, is hereby approved, and the Chair of the Traffic and Parking Commission, is hereby authorized to execute the Agreement and the Commission, the Purchasing Agent, and the Department of Transportation and Multi-modal Infrastructure are directed to take all actions necessary for the implementation of the Agreement.

Section 2. The Lease Agreement, attached hereto as Exhibit B (and which is Schedule 14 to Exhibit A), is likewise approved and execution of same is likewise authorized.

Section 3. Amendments to the Agreement may be approved by resolution of the Metropolitan Council.

Section 4. This ordinance shall take effect from and after its final passage, the welfare of the Metropolitan Government requiring it.

#### Analysis

#### **\*UPDATED\***

This ordinance, as amended, approves two related agreements: (1) an agreement between the Metropolitan Government and LAZ Parking Georgia, LLC ("LAZ") relating to the operation and management of the on-street metered parking program within the public right-of-way of the Metropolitan area (the "Parking Agreement"), and (2) approves a lease agreement to lease Metropolitan Government property to LAZ for use as an office space in performance of these functions (the "Lease Agreement").

Section 11.907 of the Metropolitan Charter authorizes the Traffic and Parking Commission to enter into lease agreements with private operators to operate parking facilities such as on-street metered parking within the rights-of-way of Metro. Metro accordingly issued RFQ # 98182 (the "RFQ") with the objective of soliciting

respondent qualifications and detailed feedback from parking management experts regarding improvements to Metro's Metered Parking System. On December 30, 2021, Metro awarded the RFQ to LAZ and conducted final contract negotiations which have resulted in an agreement between Metro and LAZ. This contract was approved by the Traffic and Parking Commission at its September 12, 2022, meeting.

Pursuant to the terms of the Parking Agreement, LAZ will operate and maintain a metered parking program for on-street parking spaces or curb areas. LAZ will pay to Metro \$2,000,000 annually in guaranteed revenue in monthly installments. If, at the end of each year, Metro has not received the full \$2,000,000, LAZ will pay Metro the difference. LAZ will be paid a monthly management fee which escalates over the five-year contract term. LAZ will be paid a \$60,000 management fee in Year 1, a \$75,000 management fee in Year 2, a \$90,000 management fee in Year 3, a \$105,000 management fee in Year 4, and a \$120,000 management fee in Year 5. In addition, if certain performance indicators are met, Metro will pay to LAZ an additional \$30,000 each year. These "Key Performance Indicators" are available in Schedule 13 of the agreement.

LAZ will pay all operating expenses under the agreement, including but not limited to, staff salary and benefits, employee training, license and permit fees, supplies, advertising and promotion, credit card fees, and cost of remote monitoring. Upon the execution of the agreement, Metro will give to LAZ an amount equal to three months of estimated operating expenses (the "Operating Advance"), based upon the Business Plan Operating Expenses. The Business Plan is the subject of Schedule 11 and will be provided by LAZ within 30 days of the effective date of the agreement. So, upon execution of the Parking Agreement, the actual cost of the Operating Advance will be unknown. The funds provided by Metro will be used by LAZ to pay the monthly operating expenses of the program. If the gross revenue for any month is insufficient to pay LAZ's operating expenses, Metro will provide LAZ with an amount equal to the deficit. While the Parking Agreement does not explicitly direct that the Operating Advance will be an annual payment, it is implied in that the Operating Advance amount will be adjusted on, at least, an annual basis.

LAZ will be responsible for the continuous operation of the metered parking system, at the direction and supervision of Metro. LAZ will, except as specifically provided otherwise, pay or cause to be paid all costs and expenses relating to the metered parking system operations. LAZ is authorized to enter upon Metro property to make necessary repairs and perform any necessary actions related to the metered parking system. LAZ will install all capital improvements related to the metered parking system on behalf of Metro. Metro will be responsible for all costs of removing old metered devices, poles, and related infrastructure, and for repairing any damage caused by such removal for the installation of new metered devices.

The Parking Enforcement Patrol, to the extent authorized by state law and the Metropolitan Charter, may utilize LAZ to perform responsibilities such as the assistance in investigation of potential parking violations and Parking Enforcement Patrol may rely on evidence presented by LAZ to issue or cause the issuance of citations when warranted. However, any citation must be based on a Parking Enforcement officer's determination that there is probable cause to believe a violation of the parking enforcement provisions of the Metropolitan Code has been committed. LAZ may be used to deliver notice of such citations.

LAZ is authorized to collect metered parking fees as Metro's agent and deposit these fees into an account maintained by Metro for all project revenue. Metro has the sole authority, through the Traffic and Parking Commission, to establish the metered parking fee.

Currently, the parking fees in the Central Business District (the “CBD”) are \$2.25 per hour with a two-hour limit Monday through Saturday, 8am to 6pm. Sunday is currently free. Outside of the CBD, the parking fee is \$1.75 per hour with a 2-hour limit Monday through Saturday, 8am to 6pm. Sunday is currently free. LAZ is authorized to request a change to the parking fees in the future, subject to the approval of the Traffic and Parking Commission.

Metro may, at all reasonable times and upon 10 business days prior notice, cause a representative to carry out an audit and review of information required to be maintained by LAZ under this agreement in connection with the performance of the metered parking system operations. Metro may also carry out an audit and review of LAZ’s annual reports or accounts related to this agreement. Metro and LAZ will also have quarterly and annual meetings regarding the performance of this agreement.

The term of this agreement begins upon approval of all parties and filing with the Metropolitan Clerk’s Office and extends for a term of 60 months. The agreement may be terminated at Metro’s convenience upon notice to LAZ.

The Lease Agreement between Metro and LAZ provides for the lease of approximately 2,450 square feet of space at 740 South 5<sup>th</sup> Street. This property will be used as the local office premises for LAZ to run metered parking operations. The term of the lease will commence upon its execution and end conterminously with the contract for metered parking. LAZ will pay to Metro \$1 annually for the use of this space.

An amendment added to the ordinance at the Council’s October 18, 2022 meeting added a definition for the term “citation” and replaced the Lease Agreement with a signed version, labeled as Exhibit B.

The Council Office anticipates an amendment to this ordinance to make various changes to the parking agreement document, attached to the ordinance as Exhibit A. This includes the addition of the definition of “Citation” as well as additional housekeeping changes. Amendments to Section 2.2 of the agreement would be made to fix errors in the numbering of provisions, remove redundant language, and clarify the existing language. Section 2.2(d), regarding the management fee paid to LAZ, would be amended, for clarity, to state that LAZ will be paid an annual management fee, payable in monthly installments. In addition, Section 3.2(e)(i) of the agreement would be amended to add language to clarify that, to the extent that license plate reader data is used for parking enforcement, a vehicle’s license plate number must be deleted within 30 minutes of its exit from the monitored parking space, unless the vehicle is suspected of violating parking restrictions. The language added to the contract for this provision is taken directly from Metropolitan Code of Laws Section 13.08.080.H.b.

*Updated Fiscal Note: LAZ Parking Georgia, LLC will pay \$2 million in annual guaranteed revenue to Metro. Metro will pay the management fees to LAZ Parking Georgia, LLC \$720,000 for Year 1, \$900,000 for Year 2, \$1,080,000 for Year 3, \$1,126,000 for Year 4 and \$1,440,000 for Year 5. With the proposed amendment on third reading it will be clear that Metro will pay the management fees to LAZ Parking Georgia, LLC \$60,000 for Year 1, \$75,000 for Year 2, \$90,000 for Year 3, \$105,000 for Year 4 and \$120,000 for Year 5. Metro will pay an additional performance fee up to \$30,000 for each management year to LAZ Parking Georgia, LLC at the end of the year based on performance measures as established in Schedule 13. LAZ Parking Georgia, LLC will pay all operating expenses. Metro will deposit an operating advance, equal to three months of the estimated operating expenses based on the Business Plan Operating Budget, to be used by LAZ Parking Georgia, LLC*

*to pay monthly operating expenses. The operating advance will be adjusted not less frequently than annually, as agreed by the parties, to cover increases in operating expenses. If the gross revenues for any month are insufficient to cover the operating expenses, Metro will pay the deficit amount. LAZ Parking Georgia, LLC will remove and install all metered parking system equipment and Metro will pay for the cost.*