

NO: R115

COUNCIL DATE: June 24, 2019

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **June 20, 2019**

FROM: **General Manager, Corporate Services** FILE: **0740-01**

SUBJECT: **City of Surrey Parking Enforcement and Security Guard Services**

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## RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Authorize staff to carry out City-wide parking enforcement service through internal resources commencing October 1, 2019.
2. Approve expenditures for Contract No. 1220-030-2012-012 to Paladin Security Group Ltd., formerly Concord Security Corporation (“Concord Security”), for parking enforcement services received for the period of April 1, 2018 to March 31, 2019 in the amount of \$860,000.00, including GST;
3. Extend Contract No. 1220-030-2012-012 to Concord Security for parking enforcement services for the period of April 1, 2019 to September 30, 2019 in the amount of \$457,575.00, including GST;
4. Set the expenditure authorization limit for Contract No. 1220-030-2012-012 for the period of April 1, 2019 to September 30, 2019 at \$503,332.50, including GST and contingency;
5. Approve expenditures for Contract No. 1220-030-2013-009 to Paladin Security Group Ltd., (“Paladin Security”) for security guard services at City Hall, City Centre Library and the Operations Centre, for the period of November 1, 2018 to July 31, 2019 in the amount of \$662,321.00, including GST;
6. Set the expenditure authorization limit for Contract No. 1220-030-2012-012 for the period of November 1, 2018 to July 31, 2019 at \$730,00.00, including GST and contingency; and
7. Authorize the General Manager, Corporate Services to approve all extensions and change orders related to Contact No. 1220-030-2012-012 and Contract No. 1220-030-2013-009.

## INTENT

The purpose of this report is to seek Council's approval for the provision of City-wide parking enforcement services through internal resources, and approval for contract expenditures to:

- a) Concord Security for the provision of parking enforcement services within the City of Surrey Security until the City's internal resources take over these services commencing October 1, 2019; and
- b) Paladin Security for the provision of security guard services at City Hall, City Centre Library, and the Operations Centre until July 31, 2019.

## BACKGROUND

### Parking Enforcement Services

On April 1, 2013, following a Request for Proposals ("RFP") process, the City entered into a 5-year contract (the "Parking Enforcement Contract") with Concord Security for the provision of parking enforcement services within the City of Surrey. The Parking Enforcement Contract allowed for annual renewals for up to an additional five (5) years at the City's sole discretion.

The annual cost for parking enforcement services through Concord Security was \$860,000, including GST, in the last 12-month contract year from April 1, 2018 to March 31, 2019 (the "previous contract year"). In the previous contract year, the City generated \$1.8 million in revenue from parking fines. Accordingly, the \$860,000 annual cost of the Parking Enforcement Contract was entirely offset by the annual revenue generated from parking fines and resulted in a net surplus of \$940,000.

This is a fixed price contract. The contractor does not receive an additional benefit in the form of payment based on the number of parking violation tickets issued.

Concord Security's parking enforcement officers ("Officers") primarily respond to parking related complaints from the public, enforce the *Highway and Traffic Bylaw No. 13007* (the "Bylaw") and proactively patrol for any violations of the City's regulations.

The general components of the work covered by the Contract include:

- Enforcement of on and off-street parking regulations;
- Resolution of customer complaints;
- Collection of evidence and giving court testimony in relation to parking-related files; and
- Maintenance of parking pay stations.

Concord Security's Officers provide parking enforcement services from 6:30 am to 11:00 pm, seven days a week and are supported by a call centre.

### Handling of Complaints

The two types of complaint calls received by the City that relate to vehicle parking infractions include:

1. Parking enforcement requests; and
2. Parking ticket complaints.

1. Parking Enforcement Requests

The City manages calls from the public pertaining to reports of parking violations. In the previous contract year, the City received 16,151 parking enforcement requests.

Parking enforcement requests are responded to on a priority basis. The responding Officer will investigate and, if warranted, will issue a parking violation ticket. The process of issuing a parking violation requires gathering of evidence, including photo evidence. The evidence is uploaded to a secure online database.

Officers that attend to a parking enforcement request also scan the immediate area for other parking violations and issue tickets or warnings accordingly. The total number of parking violation notices issued in the previous contract year was 60,501.

2. Parking Ticket Complaints

City staff also handle complaints from customers who have received a parking ticket within Surrey. In the previous contract year, 2,514 parking tickets were disputed, representing 4% of issued tickets. This process allows complainants to view the photo evidence of their parking violation online, which typically provides clear documentation that the parking violation occurred. This approach most often results in customers abandoning their complaints and paying the fines.

If after viewing the photo evidence, a complainant still wishes to pursue disputing their ticket, they may do so via the City's adjudication process where a Provincially appointed adjudicator hears the dispute and makes a decision to either uphold or dismiss the ticket. In the previous contract year:

- 684 parking tickets proceeded to the City adjudication process, representing approximately 1% of parking violation tickets issued.
- The Adjudicator deemed only 48 violation tickets to be invalid, representing less than 0.1% of all tickets issued.

## **Security Guard Services**

In July 2013, following a separate RFP process, the City entered into a 5-year contract (the "Security Guard Services Contract") with Paladin Security for the provision of security guard services at multiple City facilities. The Security Guard Services Contract allowed for annual renewals for up to an additional five (5) years at the mutual consent of both parties.

The Security Guard Services Contract expired on October 31, 2018; however, a market competition for these services was not initiated prior to the expiry date for services beyond October 31, 2018. Since then, security guard services have continued on a month-to-month basis for City Hall, City Centre Library and the Operations Centre. The accumulative cost for security guard services at these 3 facilities from November 1, 2018 to July 31, 2019 is projected to be \$662,321.00, including GST.

## DISCUSSION

### **Parking Enforcement Services**

Due to annual price escalations contained within the City's Contract with Concord Security, the cost to perform parking enforcement services for the 12-month period extending April 1, 2019 to March 31, 2020 is estimated to be \$915,150.00, representing a 6.4% increase over the previous contract year.

Based on the year-over-year escalating cost to perform this service via the Contract, staff has recently reviewed the feasibility of delivering parking enforcement services via internal resources. The analysis included an assessment of:

- The number of resources required to adequately carry out the service;
- Capital investment and annual operating cost required to carry out these services internally; and
- The time frame required to transition from contracted to internal parking enforcement services.

### **Internal Cost for Parking Enforcement Staff**

In the interest of public safety and in order to carry out parking enforcement services via internal resources in a manner that maintains similar levels of public education, compliance, and enforcement, it is estimated that a total of up to 11 staff would be required, divided over 2 shifts, and comprised of the following:

- 7 to 9 Enforcement officers including 1 Supervisor; and
- 2 Support staff (clerks)

In addition, 5 sub-compact passenger vehicles would be required, as well as ancillary requirements such as uniforms and equipment.

The total annual cost is estimated to be in the range of \$660,000 to \$805,000, which is lower than the cost that the City is presently paying for these services under the Contract (as noted above, the contract cost for the 12-month period extending April 1, 2019 to March 31, 2020 is estimated to be \$915,150.00). Revenues from parking infractions would further offset the City's cost to fund an internal parking enforcement business unit.

### **Other Benefits**

Beyond cost, there are a number of key clear advantages to performing this work internally:

#### Increased Capacity

- Dedicated parking enforcement staff could be deployed to deal with other bylaw enforcement related matters.
- Internal parking enforcement officers can also more easily collaborate with staff in other departments to ensure improved delivery of services.

### Improved Control

- The quality of work delivered is more easily controlled through internal resources.
- The City can more easily pivot its approach to service delivery based on priorities.

### Continuous Improvement

- It is easier to develop and advance continuous improvement initiatives through internal resources.
- Continuous improvement philosophy is embedded into the City's work culture. Many of our continuous improvement initiatives have been determined by the staff that perform the work.

Based on the above, it is recommended that the staff implement an internally resourced parking enforcement business unit to deliver these services City-wide.

### **Next Steps**

Should Council support the delivery of parking enforcement services through internal resources, staff will require time to implement this change and to assemble its team, including hiring of staff and procurement of the necessary equipment. In order to ensure no gaps in services while the parking enforcement team is assembled, it is recommended that the City's current Contract with Concord Security continue until September 30, 2019. This will allow the time required to implement the City's resource requirements while simultaneously winding down the contractor's services.

The Contract includes a provision for early termination with 30 days' notice at the City's sole discretion. The City will exercise its rights under the contract accordingly should the recommendations of this report be supported.

### **Approval Required for Previous and Current Years' Contract Cost**

As noted earlier in this report, the Contract with Concord Security was for a period of 5 years (April 2013 to March 2018), with a provision to allow for annual renewals for up to 5 additional years at the City's sole discretion.

The first 5-year term of the Contract effectively concluded on March 31, 2018. At that time, staff was required to obtain Council authority to approve the expenditure for the contract as it entered its first annual extension, the cost of which was \$860,000.00.

In error, Council authority was not sought as staff believed the expenditure approval was not required given that the contract cost was entirely offset by parking fine revenues. However, upon further review it was determined that the City's *Purchase and Expenditure Authorization Bylaw* requires that the appropriate authorization be obtained for expenditures, regardless of any offsetting revenues.

Council authorization is also required for the second extension to the City's Contract with Concord Security, limited to the period of April 1, 2019 to September 30, 2019, and estimated to be \$457,575.00, including GST.

## **Security Guard Services**

In April 2019, staff initiated a market competition for security guard services. Via a separate corporate report, staff will bring forward the Evaluation Committee's recommendations at the July 8, 2019 Regular Council to award a new security guard contract with services commencing August 1, 2019. Correspondingly, the City will terminate its existing month-to-month service arrangement with Paladin Security, effective July 31, 2019.

At this time, staff recommend that Council authorization be provided to cover the costs associated with security guard services for City Hall, City Centre Library and the Operations Centre from November 1, 2018 to July 31, 2019 at the projected cost of \$662,321.00, including GST.

## **FUNDING**

Funding is available through the 2019 Bylaw Services Division budget.

## **SUSTAINABILITY CONSIDERATIONS**

The work of the Parking Enforcement Services Contract supports the objectives of the City's Sustainability Charter 2.0. In particular, the Contract relates to Sustainability Charter 2.0 theme of Public Safety. Specifically, the Contract supports the following Desired Outcome ("DO") and Strategic Direction ("SD"):

- Community Safety and Emergency Services Do1: Residents are safe and have a strong sense of security in all neighbourhoods and throughout the City.
- Transportation Safety SD9: Address traffic safety issues in a holistic way, particularly around schools and critical accident locations.

## **CONCLUSION**

The City currently provides contracted parking enforcement services through Concord Security and contracted security services through Paladin Security. This report provides background information with regards to key aspects of the Parking Enforcement Services Contract and the Security Guard Services Contract. Staff recommend that Council approve the expenditures as outlined above and authorize staff to implement an internally resourced parking enforcement business unit to deliver these services City-wide.

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