

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: September 11, 2025

PREPARED BY: Vanessa Mager, Management Analyst

SUBJECT: AWARD OF CONTRACT FOR EL PASEO COURTESY CART PROGRAM

RECOMMENDATION:

1. Award a contract to ACE Parking III, LLC, in an amount not to exceed \$295,979 for the operation of the El Paseo Courtesy Cart Program during Fiscal Year 2025-26, with options for two one-year extensions.
2. Authorize the City Attorney to make non-monetary changes to the contract.
3. Authorize the City Manager to continue negotiations with the vendor to finalize the contract, transfer necessary budget amounts, and to execute the agreement and any related amendments.

BACKGROUND/ANALYSIS:

Since 2004, the El Paseo Courtesy Cart Program has provided a free transportation service to visitors and businesses along the El Paseo shopping district, with service typically running from October through May. The most recent contract with Circuit Transit, Inc. expired in May 2025. At the April 10, 2025, Study Session, the City Council supported extending operating hours on Fridays and Saturdays until 9 p.m., and until 7 p.m. Sunday through Thursday. The extension of operations was anticipated to possibly increase funding needs but was not considered in the FY 2025-26 budget request from staff.

To ensure selection by October 2025 and avoid service disruption, staff issued a Request for Proposals (RFP) through our online procurement portal OpenGov on July 18, 2025 (2025-RFP-187). Two proposals were received:

Company Name	Regular Time Cost/Hour	Overtime Cost/Hour	Total Cost of Contract
Circuit Transit, Inc	\$48.35	\$48.35	\$266,026.05
ACE Parking III, LLC	\$27.07	\$40.61	\$265,784.00

The evaluation committee reviewed, scored and ranked proposals based on content of work plan, experience and performance, and cost. ACE Parking III, LLC (ACE) was determined to be the most responsive vendor due to its:

- Experience with luxury clientele, including Hotel Paseo, The Thompson Hotel in Palm Springs, and the Ritz-Carlton Rancho Mirage;
- Local staffing of more than 60 hospitality professionals;
- Demonstrated ability to deliver concierge-style service;

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- Dedicated on-site management team.

Although ACE submitted the lowest base-cost proposal (\$265,784), the initial submission included golf carts that did not meet the City's current service standards. Staff requested a revised proposal that includes two 6-passenger GEM vehicles with doors, enhancing safety, aesthetics, branding, and meets current standards. These are the same vehicles that Circuit Transit, Inc. used through the duration of the previous contract.

SERVICE OPTIONS CONSIDERED

- **Option 1 – Rented Golf Carts (\$265,784):**
 - Two rented 8-passenger golf carts
 - One rented ADA-compliant cart
- **Option 2 – GEM Vehicle Purchase (\$295,979):**
 - Two new 6-passenger GEM vehicles with doors purchased by ACE Parking; ownership transfers to City after Year 1.
 - Two new 6-passenger GEM vehicles with doors purchased by ACE Parking; ownership transfers to City after Year 1.
 - One rented ADA-compliant GEM vehicle

Option 2 includes a higher Year 1 cost due to vehicle purchase, but the GEM carts will become City assets, which may be repurposed for special events (e.g., Golf Cart Parade, Independence Day, Concerts in the Park). In Years 2 and 3, contract costs will reduce to the base amount, subject to an estimated 2–3% annual CPI adjustment. The City will lease the GEM vehicles to ACE in Years 2 and 3 of the contract. In the future, if another vendor is selected through a competitive procurement process, the City can lease the GEM vehicles to that vendor. ACE will remain responsible for all vehicle operations, maintenance, and repairs throughout the entire contract performance period.

Staff recommends **Option 2** for the following reasons:

1. Enhances visitor experience through improved aesthetics and safety;
2. Establishes long-term City assets (Estimated service life of four to eight years);
3. Provides branding opportunities;
4. Allows for vehicle reuse post-program;
5. Vendor has committed to temporary golf cart rentals to ensure service is not delayed during vehicle delivery.

Legal Review:

This report has been reviewed by the City Attorney's Office.

FINANCIAL IMPACT:

The Fiscal Year 2025-26 Approved Financial Plan includes budget in the amount of \$275,000 in Account No. 1104416-4368100 (Courtesy Carts). Should the City Council select Option 1, the cost can be accommodated within the existing budget. If Option 2 is approved, a one-time budget transfer will be necessary in the amount of \$20,979 from Account No. 1104430-4309000

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(Economic Development – Professional Other). Future year allocations will be made during the annual budget process and contingent on available funds.

ATTACHMENTS:

1. Draft Agreement 2025
2. ACE Parking Proposal
3. Vehicle Options