



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 13, 2014 REPORT NO: 14-046
ATTENTION: Budget and Government Efficiency Committee
SUBJECT: Cooperative Procurement Contract through the City of Sacramento with
IPS for the Purchase of New Single-Space 'Smart' Parking Meters

REQUESTED ACTION

City Council approval to enter into a cooperative procurement contract through the City of Sacramento with IPS Group, Inc. (IPS) to purchase up to 5,000, new, single-space 'smart' parking meters and related services for a term through November 12, 2018, with up to an additional five optional one-year extensions.

STAFF RECOMMENDATION

The Office of the City Treasurer recommends that the San Diego City Council enter into a cooperative procurement contract through the City of Sacramento with IPS for the purchase of new single-space 'smart' parking meters with the specifications outlined in the City of Sacramento's Request for Proposal (RFP) No. P13151171027, which resulted in Agreement No. C2013-1069 between the City of Sacramento and IPS and a subsequent Amendment No. C2013-1069-01 to the Agreement (hereinafter collectively referred to as the "Sacramento Agreement"). Given that the extensions will extend the duration of the contract beyond five years, the City may exercise its discretion to extend the cooperative procurement contract only with the two-thirds approval of the City Council in accordance with City Charter section 99. If and when the City decides to exercise its option to renew, the Office of the City Treasurer intends to bring forward a separate action to City Council to obtain the requisite Charter section 99 approval.

SUMMARY

The City of San Diego (City) manages approximately 5,700 on-street metered parking spaces. The City currently has 132 multi-space pay stations servicing approximately 1,000 metered parking spaces. The remaining metered spaces are single head parking meters which are over 10 years old. These meters accept coin and City of San Diego pre-loaded parking cards only and have reached the end of their useful life.

The Office of the City Treasurer is responsible for parking meter coin collection and meter installation, repair, maintenance, monitoring and enforcing appropriate use of parking spaces.

The San Diego Police Department provides the primary means of enforcement and the Planning, Neighborhoods and & Economic Development (PN&ED) Department staff administer the Community Parking District (CPD) program and act as the City's liaison with the CPD Advisory Boards.

Parking meter rates, length of stay limits and hours of operation may vary within specified ranges pursuant to the City's Municipal Code and are adjusted within those ranges to encourage turnover and optimize utilization. Adjustments are recommended by the affected CPD Advisory Board, reviewed by Economic Development in consultation with other City departments and implemented by the Office of the City Treasurer, Parking Meter Operations Program.

The City recently conducted a competitive solicitation for Smart Parking Meter technology ("2013 Solicitation"). The 2013 Solicitation had three (3) separate sections: single space 'smart' meters, multi-space 'smart' meters and real-time parking data. The objective of the 2013 Solicitation was to provide the City with the widest array of options to upgrade its parking meters and to enhance the customer's parking experience with increased payment options and real-time information on parking availability, all at the best value for the City and its CPDs. Vendors were invited to bid on one or more of the three (3) sections. The City's Technical Evaluation Team (TEC), in cooperation with advisors from both the downtown and uptown CPDs, evaluated each section's proposals independently. The TEC and its advisors unanimously recommended award to IPS for all three (3) sections of the 2013 Solicitation.

For a variety of reasons and as permitted under the Municipal Code, the City cancelled the 2013 Solicitation. Given that City staff and community advisors spent numerous hours on the 2013 Solicitation, and considering the time and cost of issuing a new RFP, the option to enter into a Cooperative Procurement Agreement was explored. Cooperative Procurement Agreements are commonly used by government entities as an efficient and effective means of procurement. The Purchasing & Contracting Department conducted a thorough review of the strategic sourcing portals and selected contracts relating to smart parking meters for the Office of the City Treasurer to review. Due diligence conducted by staff from both the Purchasing & Contracting Department and the Office of the City Treasurer has concluded that the Sacramento Agreement most closely meets the objectives of the City's 2013 Solicitation. This finding was certified by the Purchasing & Contracting Director on February 28, 2014.

It is important to note that the Office of the City Treasurer, in cooperation with Economic Development, SDPD and our CPDs will continue to pursue procurement solutions this year for multi-space 'smart' parking meters and real-time parking data in order to address the remaining sections of the 2013 Solicitation.

Approval of the Cooperative Procurement Agreement with the City of Sacramento will save the City considerable time and resources and allow the City to begin deploying single-space 'smart' parking meters as quickly as possible to realize the efficiencies and savings associated with them. This Cooperative Procurement Agreement will fulfill the largest section of our 2013 Solicitation, procurement of single space 'smart' parking meters, at the best value for the City. City staff compared the pricing offered by IPS and the other 2013 Solicitation vendors to the pricing offered by IPS in the Sacramento Agreement. IPS pricing in the Sacramento Agreement

is over six (6%) percent lower than what IPS offered the City of San Diego. As a result, the City will realize a net savings of approximately \$30 per single-space 'smart' parking meter as compared to the pricing initially offered by IPS to the City as part of the 2013 Solicitation. This is an overall contract savings of \$150,000 for the procurement of 5,000 single-space 'smart' parking meters compared to the pricing offered in the 2013 Solicitation.

In addition to these cost savings it is estimated the City could potentially realize increased revenue from the installation of these smart meters. The City currently has 50 'smart' single-space meters in use in Hillcrest under a pilot agreement with IPS since 2009. Staff previously reported on the initial pilot and the average return at that time was over eight (8%) percent. During this five-year period, City staff have found IPS' product quality to be exceptional and their service reliable.

Cooperative procurement of single-space 'smart' parking meters with the City of Sacramento will provide the City of San Diego and its customers with the following benefits:

- Multiple payment options, including the use of credit cards and future mobile payment possibilities
- User friendly interface
- Speedy installation due to compatibility with existing City of San Diego meter housing hardware
- Increased efficiency in coin collection – real-time data allows meter staff to design more efficient collection routes based on the amount of coin in each meter
- Ability to obtain real-time revenue statistics for each meter
- Immediate notification of potential repair/maintenance issues, thus minimizing meter downtime
- IPS is a proven local vendor that has serviced the City's meter needs since 2009

FISCAL CONSIDERATIONS

The total not-to-exceed amount for this five (5) year agreement with IPS is \$8,171,007 and is made up of both one-time costs and on-going costs. The one-time cost to purchase and install 5,000 single space 'smart' parking meters is as follows:

One-Time Costs

M5 Single Space 'Smart' Parking Meter	\$2,295,000
Installation and Project Management	53,500
Meter Housings, NFC Readers & Misc.	1,487,700
Collection Canisters	21,789
Total One-Time Costs	\$3,857,989

Funding is available and budgeted for these one-time costs in the Community Parking District (CPD) and City CPD Administration funds. These one-time costs will be split between the City (55%) and the CPD (45%), prorated by the number of meters in each district. The CPD Advisory Boards have budgeted funds for meter replacement in the FY2014 and FY2015 Plans.

The annual on-going costs will be covered by meter revenue. All program expenses are deducted from meter revenue annually before the 55/45 revenue split per Council Policy 100-18. The periodic costs for 5,000 new single space 'smart' parking meters are estimated as follows:

On-Going Costs

On-Going Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Extended Warranty	\$0	\$350,000	\$350,000	\$350,000	\$350,000	\$1,400,000
Communication Fees	207,000	207,000	207,000	207,000	207,000	1,035,000
Back Office Fees	273,000	273,000	273,000	273,000	273,000	1,365,000
Gateway Fees	90,000	90,000	90,000	90,000	90,000	450,000
Spare Parts	21,006	0	21,006	0	21,006	63,018
Total On-Going Costs	\$591,006	\$920,000	\$941,006	\$920,000	\$941,006	\$4,313,018

In addition to on-going costs paid to IPS, the City will incur its customary banking and credit card fees for each credit card transaction. These fees will be payable to Bank of America and are estimated to be \$302,790 annually. These on-going costs will also be covered by meter revenue. Therefore, entering into this contract will have no fiscal impact to the City's General Fund.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

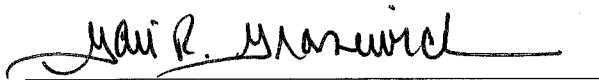
None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

As stated above, during the 2013 Solicitation, the City invited members from both the downtown and uptown CPDs to serve as advisors to the TEC. This collaboration will continue during implementation of this Cooperative Procurement Agreement. The Office of the City Treasurer will work closely with Economic Development to ensure installation of new single space 'smart' parking meters is done in consultation with the affected CPDs. In addition, as the City continues to pursue procurement options for multi-space 'smart' parking meters and real-time parking data, input from the CPDs will be critical to ensure a cohesive and comprehensive solution.

KEY STAKEHOLDERS AND PROJECTED IMPACTS

Key stakeholders are all CPDs with metered parking Citywide, residents, business owners and visitors using City parking meters. These meters will provide more convenient payment options, user friendly interface, increased efficiency for City staff and support of a local vendor that has been providing quality parking meter service to the City of San Diego since 2009.



Gail R. Granewich
City Treasurer



Mary Lewis
Chief Financial Officer

- Attachments(s):
1. Cooperative Procurement Agreement
 2. Sacramento RFP No. P13151171027
 3. Purchasing & Contracting Certification Letter dated February 28, 2014