



April 13, 2018

The Honorable Members of the Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton Goodlett Place  
San Francisco, CA 94102

***Subject: Authorizing the San Francisco Municipal Transportation Agency to Enter in an Agreement with Conduent State and Local Solutions for Citation and Permit Processing Systems and Support Services.***

Honorable Members of the Board of Supervisors:

The purpose of this briefing is to provide information to support the San Francisco Municipal Transportation Agency's (SFMTA) request that the Board of Supervisors authorize the SFMTA to enter into an agreement with Conduent State and Local Solutions, Inc., for an amount not to exceed \$77,200,000 and a term of five years, with option to renew for an additional five years.

### **Background**

Services for citation and permit processing have been performed by outside vendors since 1998. The current agreement with PRWT Services, Inc. that began November 1, 2008 will expire on October 31, 2018. Under the current agreement, PRWT provides software and support to process approximately 1.3 million parking and transit citations annually. Citations are issued by SFMTA Parking Enforcement and Proof of Payment officers for violations through handheld electronic citation issuing devices purchased by the contractor on the Agency's behalf, or manually written citations. Other services provided by PRWT include processing a variety of parking permits and payments, support for the SFMTA's administrative review, adjudication, accounting and enforcement sections, and special collection activities related to delinquent citations.

### **Revenue and Expenditures of Current Agreement**

Costs under the current agreement are \$2.89 per citation processed, and 34 percent of all special collection revenue the contractor collects on the SFMTA's behalf, as well as costs incurred for purchasing handheld ticket writing devices and accessories, mobile license plate recognition (MLPR) cameras, equipment warranties, pass-through costs for credit card processing fees, residential and other permit parking fulfillment, and other support services provided to the Agency's Revenue/Customer Service, Enforcement and Administrative Hearing units.

The following table provides a summary of the number of citations issued, and the revenue and expenditures for the current agreement.

<b>Fiscal Year</b>	<b># Tickets Issued</b>	<b>Payment Amount (Regardless of Issue Date)</b>	<b>Expenditures</b>
2009 (11/2008 - 06/2009)	1,186,859	\$74,047,808	\$5,267,790
2010	1,732,589	\$109,268,458	\$7,246,886
2011	1,565,736	\$106,900,902	\$7,036,066
2012	1,537,636	\$104,077,916	\$8,066,003
2013	1,549,533	\$112,817,741	\$8,094,780
2014	1,421,055	\$109,308,285	\$7,807,430
2015	1,428,888	\$111,371,976	\$7,811,099
2016	1,339,033	\$107,574,907	\$7,751,599
2017	1,325,005	\$110,206,729	\$7,998,935
2018 (07/2017 - 03/2018)	1,013,876	\$93,753,538	\$6,563,898
<b>TOTAL</b>	<b>13,875,760</b>	<b>\$ 1,039,328,260</b>	<b>\$73,644,486</b>

### **Procurement Process**

A Request for Proposals (RFP) was approved by the SFMTA Board of Directors on July 19, 2016. The RFP was released on July 20th. The deadline for responses was extended by the SFMTA from September 30, 2016 to November 4, 2016 in response to a proposer's request. At the pre-proposal conference on August 16, 2016, ten (both prime and subcontracting) firms attended; however, only two vendors submitted follow-up questions, and only one proposal, submitted by Xerox (subcontractor to the current prime, PRWT), was received. The contract procurement division requested feedback from pre-proposal participants as to why additional proposals were not submitted; only one participant replied, indicating that their interest was only in a portion of the services to be provided and not the entire scope of services.

The Xerox proposal was reviewed by SFMTA's Contract Compliance and Contract Procurement offices and found to be both responsive and responsible, and has agreed to adhere to the 11 percent Local Business Enterprise goal for the Agreement. Since the time of proposal submission, the parking services branch of Xerox has split off from the main company to become Conduent, Inc. Conduent has stipulated that the firm will honor the commitment to services listed in Xerox's proposal and has taken the necessary steps to be designated as a City Contractor.

On April 3, 2018 the SFMTA Board of Directors approved the proposer's agreement for an amount not to exceed \$77,200,000.

### **Proposed Agreement**

In the proposed agreement, the per citation processing fee will be \$3.30. Services under the proposed agreement will continue as provided in the current agreement and include: software and contractor support to assist the SFMTA in citation issuance, processing and tracking, permit fulfillment, and cashiering functions; issuing notices and other correspondence, citation and towing protest adjudication, enforcement beat optimization, payment processing and accounting, and report generation and analysis; purchase of 400 new handheld devices for transit, parking and taxi personnel (current devices are at the end of useful life) and 24 new MLPR cameras to support Residential Permit Parking and Scofflaw programs.

Modifications to the current agreement include transferring lockbox services within the first year of the new agreement to the City's Treasurer/Tax Collector's Office (TTX). The current merchant fees of approximately \$75,000 per month will diminish when credit card payments are processed through TTX. As a result of information gathered through staff review, more than 30 SFMTA-requested software enhancements will be made (in addition to the Contractor's scheduled citation processing software upgrades) during the contract's five-year base term.

### Funding Impact

Projected costs for the new agreement are summarized below:

Contract Element	Five-Year Base Term	Five-Year Extension	Total Contract Term
Citation Processing	\$22,754,666	\$25,122,989	\$47,877,655
Support services (including noticing and correspondence, lockbox, special handling, franchise tax board processing)	\$4,098,962	\$4,525,585	\$8,624,547
Permit Processing	\$5,593,049	\$5,956,004	\$11,549,053
Software Enhancement Requests	\$183,500	\$0	\$183,500
Credit Card Processing Fees	\$510,000	\$0	\$510,000
Equipment and Warranties	\$4,145,454	\$550,999	\$4,696,453
5% Contingency	\$1,864,282	\$1,807,779	\$3,672,060
<b>TOTAL</b>	<b>\$39,149,913</b>	<b>\$37,963,356</b>	<b>\$77,113,268</b>

The TTX will assume collection services provided in the current agreement at an estimated cost of \$835,000 annually, with a one-time software integration cost of \$75,000.

### Recommendation

In order to continue parking and transit citation and permit processing and support services, the SFMTA recommends that the Board of Supervisors authorize the SFMTA to enter into an agreement with Conduent State and Local Solutions, Inc. for Citation and Permit Processing and Support Services for a term of five years with the option to extend for five additional years, and an amount not to exceed \$77,200,000.

Thank you for your consideration of the proposed agreement. Should you have any questions or require more information, please contact Steven Lee at 415.701.4592.

Sincerely,



Edward D. Reiskin  
Director of Transportation