

File No. 130941

Committee Item No. 13

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 10/09/2013

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

**OTHER** (Use back side if additional space is needed)

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Completed by: Victor Young Date October 4, 2013

Completed by: Victor Young Date \_\_\_\_\_

1 [Authorizing Use of Previously Approved Funds for Non-Optional Services in Parking Citation  
2 Processing Agreement - PRWT Services, Inc. - \$6,827,729]

3 **Resolution authorizing the Municipal Transportation Agency to use funds, totaling**  
4 **approximately \$6,827,729 previously designated by the Board of Supervisors for**  
5 **optional services under the two-year parking citation processing contract extension**  
6 **with PRWT Services, Inc., to be used instead for non-optional, required services.**

7  
8 WHEREAS, The Board of Supervisors' adopted Resolution No. 438-08 approving a  
9 five-year agreement for parking citation and processing with PRWT, Inc., for a not-to-exceed  
10 (NTE) amount of \$53,475,441 with the option to extend the agreement for up to five additional  
11 years; and

12 WHEREAS, As a condition for approval of the contract, the Board of Supervisors  
13 placed a not-to-exceed amount for non-optional required services of \$45,815,441 and a not-  
14 to-exceed amount for optional services of \$7,660,000; and

15 WHEREAS, The existing contract was negotiated under the assumption that, on  
16 average, 1.8 million parking citations would be issued annually, and the costs were spread  
17 over this number of citations; however, due to the SFMTA's efforts to reduce the number of  
18 citations issued, citation amounts for the last five years have fallen to an average of 1.6 million  
19 annually, resulting in lower costs for processing fees; and

20 WHEREAS, In addition, allocated funds remain for optional services because the  
21 SFMTA has elected to defer the implementation of further optional services due to  
22 technological advancements that impact cost, and resource limitations; and

23 WHEREAS, The SFMTA has elected to extend the contract for two additional years in  
24 order to provide adequate time to develop a thorough scope of services for a new Request for  
25 Proposals (RFP); allow the SFMTA to consider alternative business models to address the

1 agency's changing service and technology needs, including possibly separating services (e.g.  
2 Citation Processing, Special Collections and Residential Permit Parking) to allow for more  
3 competition; provide appropriate time for a potentially complicated transition period to work  
4 through business flows and business process changes with a potential new contractor or  
5 contractors; preserve the favorable amount of the existing "per citation" fee, as the cost was  
6 agreed to by the contractor in anticipation of a higher volume of citations to be processed; and  
7 reevaluate optional services in light of emerging technology and public need and add addition  
8 services as appropriate to the upcoming RFP's scope of services; and

9 WHEREAS, The remaining allocated funds for optional services of approximately  
10 \$6,827,729 when combined with the remaining allocated funds for non-optional services in the  
11 amount of approximately \$10,367,685 should be sufficient to cover all contract costs for the  
12 two-year extension; now, therefore, be it

13 RESOLVED, That the Board of Supervisors authorizes the SFMTA to use funds  
14 previously designated for optional services, totaling approximately \$6,827,729 for non-optional  
15 required services for the two-year parking citation processing contract extension with PRWT  
16 Services, Inc.

<b>Item 13</b> <b>File 13-0941</b>	<b>Department:</b> <b>San Francisco Municipal Transportation Agency (SFMTA)</b>
<b>EXECUTIVE SUMMARY</b>	
<b>Legislative Objectives</b>	
<ul style="list-style-type: none"> <li>• The proposed resolution would authorize the San Francisco Municipal Transportation Agency (SFMTA) to reallocate funds in the existing contract with PRWT Services, Inc. (PRWT) that are currently designated for optional services to non-optional services.</li> </ul>	
<b>Key Points</b>	
<ul style="list-style-type: none"> <li>• On October 30, 2008, the Board of Supervisors approved a resolution (Resolution 438-08) authorizing a five-year agreement with an option for up to an additional five years between SFMTA with PRWT Services, Inc. for a not-to-exceed \$53,475,441 to provide parking citation processing and management software and related support services. Under this total not-to-exceed \$53,475,441 contract, \$45,815,441 was specified for required, non-optional services and \$7,660,000 was specified for optional services.</li> <li>• SFMTA is proposing to extend the PRWT contract for an additional two years, from November 1, 2013 through October 31, 2015, rather than the original five-year extension, in order to have sufficient time to develop and issue a new Request for Proposal (RFP) for parking citation processing. According to SFMTA, the two-year extension would enable the SFMTA to address SFMTA's changing services and technology needs, develop an improved business model to encourage competition from vendors, and potentially separate the existing contract into multiple contracts. The new RFP is anticipated to be issued in early 2015, to be awarded in later 2015, to coincide with the termination of the existing PRWT contract on October 31, 2015.</li> </ul>	
<b>Fiscal Impacts</b>	
<ul style="list-style-type: none"> <li>• Of the total \$53,475,441 existing PRWT contract, the SFMTA incurred costs of \$37,243,311 as of August 31, 2013, leaving a remaining authorized balance of \$16,232,130. Of the \$37,243,311 costs incurred to date, \$36,419,020 was for required services and \$824,291 was for optional services.</li> <li>• Based on a remaining total authorized balance of \$16,232,130, the proposed resolution would reallocate \$52,651,150 for required services and \$824,291 for optional services, such that the total contract amount would remain the same not-to-exceed \$53,475,441 authorization. This \$16,232,130 should be sufficient for the remaining 26 months of the parking citation processing contract extension with PRWT, through October 31, 2015, given that the number of citations issued by SFMTA has declined from approximately 1.8 million to 1.6 million and may decline further, resulting in a commensurate decline in the payments to PRWT over the next 26 months.</li> </ul>	
<b>Recommendations</b>	
<ul style="list-style-type: none"> <li>• Amend the proposed resolution: (a) in the title on page 1, line 4 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services that would be designated for non-optional required services; (b) on page 2, line 10 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services; (c) on page 2, line 11 from \$10,367,685 to \$9,396,421 to reflect the remaining authorized amount for required services; and (d) on page 2, line 14 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services that would be designated for non-optional required services.</li> <li>• Approve the proposed resolution, as amended.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) requires the Board of Supervisors to approve by resolution all contracts and that require the City to expend \$10,000,000 or more or modify such an agreement by more than \$500,000.

## BACKGROUND

On October 30, 2008, the Board of Supervisors approved a resolution (File 08-1168; Resolution 438-08) authorizing a five-year agreement with an option to renew for up to an additional five years, between the City and County of San Francisco, on behalf of the San Francisco Municipal Transportation Agency (SFMTA) with PRWT Services, Inc. (PRWT) for an amount not to exceed \$53,475,441 to provide parking citation processing and management software and related support services. Under this total not-to-exceed \$53,475,441 contract:

- \$45,815,441 was specified for required, non-optional services; and
- \$7,660,000 was specified for optional services.

The original five-year agreement term extended from November 1, 2008 through October 31, 2013, with one five year option to extend through October 31, 2018, or a total of up to ten years.

Under this contract, PRWT provides the following major required services:

- Parking citation processing paid at a rate of \$2.89 per citation<sup>1</sup>;
- Special citation follow-up collections for citations that remain unpaid after usual processing, paid at a rate of 34% of revenues collected;
- Pay-By-Phone and Pay-By-Web support services, with all 800-number and credit card fees passed through to SFMTA;
- Issuance of transit violation notifications and pass through of postage; and
- Replacement and maintenance of 265 handheld ticket-issuing devices.

Table 1 below identifies costs totaling \$36,419,020 for such required PRWT services under the existing contract with SFMTA.

<sup>1</sup> Parking rate processing rate of \$2.89 per citation includes costs for PRWT to provide software and support for SFMTA's Residential Permit Parking Program, the Administrative Review and Hearings Units and additional parking consulting and systems engineering support staff.

**Table 1: Required Service Costs Incurred by SFMTA under existing PRWT Contract from November 1, 2008 through August 31, 2013**

Contract Year	Citations Issued	Amounts Paid @ \$2.89 per Citation	Special Collections Revenue	Special Collections Fees Paid @ 34% of Revenue	Transit Postage (paid as pass-through)	Pay (Citations) by Phone Pay Citations by Web Credit Card Fees and 800 Number Access	Contract Totals
1	1,772,064	\$5,121,265	7,330,237	\$2,492,280	\$7,363	n/a	\$7,620,908
2	1,693,279	\$4,893,577	6,815,128	\$2,317,143	\$726	n/a	\$7,211,446
3	1,526,591	\$4,406,568	7,103,748	\$2,420,485	\$1,115	\$220,186	\$7,048,354
4	1,543,241	\$4,453,966	7,320,540	\$2,488,984	\$1,965	\$569,691	\$7,514,606
5*	1,284,213	\$3,711,376	7,925,899	\$2,694,806	n/a	\$617,524	\$7,023,706
<b>Total Required</b>		<b>\$22,586,752</b>		<b>\$12,413,698</b>	<b>\$11,169</b>	<b>\$1,407,401</b>	<b>\$36,419,020</b>
<b>Average**</b>	<b>1,615,246</b>	<b>\$4,665,805</b>		<b>\$2,590,532</b>	<b>n/a</b>	<b>n/a</b>	<b>\$7,564,752</b>

Source: SFMTA.

\*Contract year 5 reflects ten months, from November 1, 2012 through August 31, 2013; annualized for 12 months or through October 31, 2013 is estimated at 1,541,056 citations to be issued and total costs of \$8,428,447.

\*\*Averages include actual data for first four contract years and projected annual amount for Contract Year 5.

Under the existing contract, PRWT provided the following optional services<sup>2</sup>:

- Purchase and support of mobile license plate recognition (MLPR) cameras;
- Conducted a cameras-on-street-sweepers pilot program to support enforcement;
- Integrated software for Pay-By-Phone and Tow services; and
- Purchase of 27 additional handheld ticket-issuing devices for Parking Control Officers (PCOs) for Sunday enforcement.

Table 2 below identifies the SFMTA costs totaling \$824,291 for the optional services that were implemented under the existing contract with PRWT.

<sup>2</sup> The existing PRWT contract allowed for additional optional services which were not implemented by the SFMTA, including (a) marketing and revenue generation program (e.g. using citations for advertisements), (b) electronic residential parking permits, (c) electronic boot removal system, (d) paint shop and regulatory sign inventory system, (e) additional equipment options, (f) point of sale for SFMTA media, (g) additional support for entering handwritten citation data, and (h) taxi permits.

**Table 2: Optional Service Costs Incurred by SFMTA under existing PRWT Contract from November 1, 2008 through August 31, 2013**

Contract Year	MPLR Cameras	MPLR Monthly Support	Cam on Sweeper Pilot	PBP Integration	AR Integration	Sunday Enforcement Handhelds & Accessories	Contract Year Totals
1							
2							
3							
4	\$347,303	\$26,462	\$230,636	\$39,375			\$643,776
5		\$22,110			\$42,050	\$116,355	\$180,515
<b>Total Optional</b>	<b>\$347,303</b>	<b>\$48,572</b>	<b>\$230,636</b>	<b>\$39,375</b>	<b>\$42,050</b>	<b>\$116,355</b>	<b>\$824,291</b>

Source: SFMTA.

Therefore, as of August 31, 2013, the SFMTA incurred costs totaling \$37,243,311 under the existing PRWT contract, as summarized in Table 3 below.

**Table 3: Total Required and Optional Service Costs Incurred by SFMTA under existing PRWT Contract from November 1, 2008 through August 31, 2013**

Total Required Services	\$36,419,020
Total Optional Services	824,291
<b>Total Services</b>	<b>\$37,243,311</b>

Source: SFMTA.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would authorize the SFMTA to reallocate funds in the existing contract with PRWT that are currently designated for optional services to non-optional services.

As noted above, the Board of Supervisors previously authorized the PRWT contract for an initial term of five years from November 1, 2008 through October 31, 2013, with an option to renew for up to an additional five years, or from November 1, 2013 up through October 31, 2018. The initial PRWT contract was for an amount not to exceed \$53,475,441, including (a) \$45,815,441 for required, non-optional services and (b) \$7,660,000 for optional services.

According to Mr. Steven Lee, Manager of Financial Services for the SFMTA, although the Board of Supervisors previously authorized up to an additional five years, the SFMTA is now proposing to extend the existing PRWT contract for an additional two years, or from November 1, 2013 through October 31, 2015, in order to have sufficient time to develop and issue a new Request for Proposal (RFP) for parking citation processing. Mr. Lee advises that the two-year extension would enable the SFMTA to address SFMTA's changing services and technology needs, develop an improved business model to encourage competition from vendors, and potentially separate the existing contract into multiple contracts.

According to Mr. Lee, a new RFP for parking citation processing is anticipated to be issued in early 2015, to be awarded in later 2015, to coincide with the termination of the existing PRWT contract on October 31, 2015.

## FISCAL IMPACT

When the SFMTA originally entered into this PRWT contract in 2008, based on historical patterns, SFMTA assumed an average of 1.8 million citations would be issued each year. However, as shown in Table 1 above, over the past five years, an average of 1.62 million citations was issued each year. As a result, the average costs incurred under the existing PRWT contract has averaged \$7.56 million annually.

According to Mr. Lee, the reduction in the number of citations issued is partially due to the Department of Public Works (DPW) implementation of its Mechanical Street Sweeping Efficiency Program in October of 2008, which reduced the frequency of street cleaning from weekly to twice monthly on ten of the 22 street sweeping routes. In addition, the SFMTA increased the cost of individual citations and implemented parking meter payment strategies such as Pay by Phone and credit card options that has resulted in higher meter compliance rates, further reducing the overall number of citations issued.

The original PRWT Services agreement was approved for a total not-to-exceed \$53,475,441, including \$45,815,441 for required services and \$7,660,000 for optional services. As summarized in Table 3 above, to date, the SFMTA has incurred total costs of \$37,243,311, including \$36,419,020 for required services and \$824,291 for optional services. As summarized in Table 4 below, based on a remaining total authorized balance of \$16,232,130, the requested reallocation would provide the same initial not-to-exceed \$53,475,441, but would reallocate the amounts of \$52,651,150 for required services and \$824,291 for optional services.

**Table 4: Original and Requested Authorization for Required, Optional and Total Services**

	Required Services	Optional Services	Total
Current Authorized Amount	\$45,815,441	\$7,660,000	\$53,475,441
Less Expenditures To Date	<u>(36,419,020)</u>	<u>(824,291)</u>	<u>(37,243,311)</u>
Remaining Authorization	\$9,396,421	\$6,835,709	\$16,232,130
Requested Reallocation	\$52,651,150	\$824,291	\$53,475,441
Remaining Revised Authorization	\$16,232,130	0	\$16,232,130

Source: SFMTA and Budget and Legislative Analyst.

According to Mr. Lee, the SFMTA does not plan to acquire any additional optional services from PRWT. Therefore, as shown in Table 4 above, if the proposed resolution is approved, all of the remaining \$6,835,709 authorization for optional services would be transferred to required services for a total remaining authorization of \$16,232,130 for required services.

Based on the data shown in Table 4 above, the title and body of the proposed resolution should be amended to reflect the revised SFMTA's expenditures to date, and the remaining authorized amounts that are identified in the proposed resolution.

Mr. Lee advises that the remaining \$16,232,130 should be sufficient for the remaining 26 months of the parking citation processing contract extension with PRWT, through October 31, 2015. Mr. Lee notes that given the anticipated higher compliance of motorists paying at parking meters that will accept easier and additional forms of payments, the number of citations issued by SFMTA



may decline further, such that the payments to PRWT would also decline commensurately over the next 26 months.

## RECOMMENDATIONS

1. Amend the proposed resolution:
  - a. in the title on page 1, line 4 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services that would be designated for non-optional required services, as shown in Table 4 above;
  - b. on page 2, line 10 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services, as shown in Table 4 above;
  - c. on page 2, line 11 from \$10,367,685 to \$9,396,421 to reflect the remaining authorized amount for required services, as shown in Table 4 above; and
  - d. on page 2, line 14 from \$6,827,729 to \$6,835,709 to reflect the remaining authorized amount for optional services that would be designated for non-optional required services, as shown in Table 4 above.
2. Approve the proposed resolution, as amended.

**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>PRWT Services Inc.</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. See attached	
Contractor address: 1835 Market Street, Suite 800; Philadelphia, PA 19103	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$ \$6,827,729
Describe the nature of the contract that was approved: Parking citation processing agreement.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

Leadership

Click or type here to search



Chairman & Presidents



WILLIE F. JOHNSON

Chairman of PRWT Services, Inc.



HAROLD T. EPPS

President/CEO of PRWT Services, Inc.



JAMES DOBROWOLSKI

President/CEO of U.S. Facilities, Inc.

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  - Chairman & Presidents
  - Board of Directors
- History
- Certifications
- Corporate Giving
- Locations

Contact Us

Telephone: 215.569.8810  
Fax: 215.569.9893  
E-mail: info@prwt.com

1835 Market Street  
Suite 800  
Philadelphia, PA 19103

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About PRWT

As one of the nation's premier minority-owned companies, we are a high performance provider of business process solutions, facilities management and infrastructure support services to government and commercial markets.

Leadership

Click or type here to search 

Board of Directors



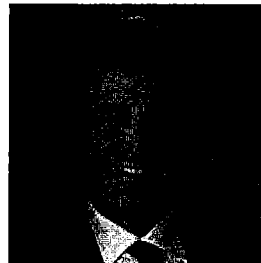
**WILLIE F. JOHNSON**

PRWT Services, Inc.



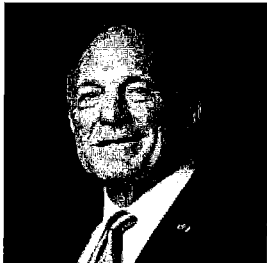
**HAROLD T. EPPS**

PRWT Services, Inc.



**MARK SCHWEIKER**

Renmatix, Inc.



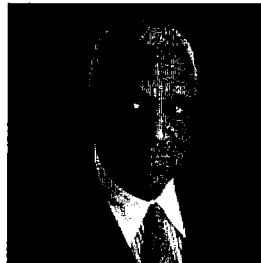
**THOMAS C. LYNCH**

The Staubach Co.



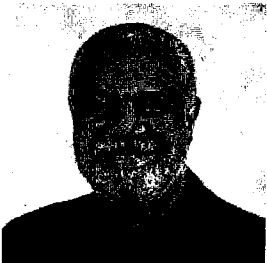
**THOMAS A. LEONARD**

Obermayer LLP



**MURVIN LACKEY**

PRWT Services, Inc.



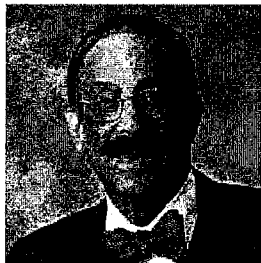
**FLETCHER WILEY**

PRWT Services, Inc. - Retired



**JOSEPH D. CORVAIA**

Xtreme Technologies Group



**ROBERT W. BOGLE**

The Philadelphia-Tribune

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Company Message

Mission, Vision & Values

Leadership

Leadership Team

Chairman & Presidents

Board of Directors

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Locations

Contact Us

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As one of the nation's premier minority-owned companies, we are a high performance provider of business process solutions, facilities management and infrastructure support services to government and commercial markets.