



September 23, 2013

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

***Subject: Agreement with IPS Group, Inc.
Single-Space Parking Meter Procurement 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 IPS Group, Inc., for an amount not to exceed \$54 million, and for a term of five years, with the option to extend the term up to two additional years.

Background

In 2002, the Board of Supervisors adopted Resolution No. 305-02, which approved an agreement to replace old mechanical parking meters with electronic single-space meters and multi-space paystations. Under the 2002 agreement, the SFMTA procured than 24,830 single-space and 490 multi-space parking meters, which are maintained by the SFMTA's Meter Shop. The SFMTA currently has 28,063 metered spaces (24,830 are covered by single-space meters and 3,236 are covered by multi-space paystations).

Reasons for Meter Replacement

The existing meters and paystations (except for the meters purchased for the SFpark Pilot) are more than ten years old:

- Technology is outdated – any modifications to the meters have to happen manually by going from meter to meter, and systemwide updates cannot be supported remotely.
- Meter spare parts are outdated and are hard to procure or no longer available.
- There is no credit card payment option.

New parking meters and paystations would integrate current technology:

- Allows customers a variety of ways to pay for parking meter spaces, including coin, smart card, credit card and by phone.
- Larger screen and tactile operating buttons provide a more user-friendly interface.
- Visual indication of Pay-By-Phone payment will be available on the meter.
- Notification of maintenance needs and meter programming can be done remotely
- Meter batteries are longer lasting and meter replacement parts are easy to come by.

Selection and Evaluation Process

After receiving SFMTA Board approval, the SFMTA released a Request for Proposals (RFP) on October 17, 2012 for procurement of both meters and paystations. On January 18, 2013, two proposals were submitted for the meter procurement -- by IPS Group Inc. (IPS) and MacKay Meters, Inc. (MacKay).

In February and March of 2013, an evaluation panel consisting of five experts from the SFMTA, the San Francisco International Airport and the Port of San Francisco reviewed and scored the two proposals for the meter procurement. After the evaluations, which included oral demonstrations from both vendors, IPS emerged as the highest-ranked proposer.

On April 23, 2013, MacKay protested the SFMTA's selection of IPS for negotiation of the meter contract. The SFMTA determined that the protest was without merit. MacKay did not contest this determination.

Proposed Agreement

The proposed Agreement will consist of the following:

- Procurement of 25,000 parking meters with an option to purchase an additional 10,000 devices over the term of the agreement. Devices will also be used to replace existing Port of San Francisco meters.
- Procurement of support services: Access to the Meter Management System (software applications); credit card processing; communications between the meter and the credit card processing gateway, vendor management system, and SFMTA databases; product support; and warranty.
- Procurement of meter spare parts and related services.
- The term of the agreement is five years, with the option to extend for up to two additional years. The option years would provide for continued support services while the SFMTA considers whether advancing technologies would necessitate a new meter procurement.

The SFMTA obtained an LBE subcontracting waiver because the equipment to be procured includes proprietary programming and hardware that requires all services related this procurement to be performed only by personnel of the successful vendor. This is standard practice within the parking meter industry and is a result of 1) increasing demands for specialization; 2) the emergence of smart meters that can process multiple payment methods (coin, credit/ debit card, smart card, etc.); and 3) more sophisticated programming to accommodate variable metered parking rates, including those used for special event pricing. No work associated with the procurement and software support would be conducted by personnel outside of the firm contracted to supply the equipment.

Procurement of parking meters is categorically exempt under the California Environmental Quality Act. A copy of the exemption letter is on file in the SFMTA Board Secretary's office.

Funding Impact

Funding for the procurement comes from local funds. The contract amount is broken down as follows: \$19.1 million for Capital Expense (includes optional meters); \$7.9 million for spare parts; \$27 million for support and Operational Costs, including option years.

The following table summarizes costs for the meter procurement and support services, including the option years:

Line #	Category	Annual Cost	Years of Service	Sub-Total	Sales Tax (8.75%)	Total
1	Capital Expense	\$12,225,000	1	\$12,225,000	\$1,069,688	\$13,294,688
2	Project Management	\$180,000	1	\$180,000	\$0	\$180,000
3	Spare Parts - First Year	\$248,375	1	\$248,375	\$21,733	\$270,108
4	Spare Parts - Subsequent Years	\$1,276,750	5.5	\$7,022,125	\$614,436	\$7,636,561
5	Support Services / Development – First Year	\$175,000	1	\$175,000	\$0	\$175,000
6	Support Services / Development – Subsequent Years	\$175,000	1	\$175,000	\$0	\$175,000
7	Optional Single Space Parking Meter Mechanism	\$5,150,000	1	\$5,150,000	\$450,625	\$5,600,625
8	Extended Warranty	\$875,000	1.5	\$1,312,500	\$114,844	\$1,427,344
9	Annual Operating Expenditure* Year 1	\$2,970,000	0.5	\$1,485,000	\$0	\$1,485,000
10	Annual Operating Expenditure* Year 2	\$3,274,920	1	\$3,274,920	\$0	\$3,274,920
11	Annual Operating Expenditure* Year 3	\$3,581,366	1	\$3,581,366	\$0	\$3,581,366
12	Annual Operating Expenditure* Year 4	\$3,889,362	1	\$3,889,362	\$0	\$3,889,362
13	Annual Operating Expenditure* Year 5	\$4,198,929	1	\$4,198,929	\$0	\$4,198,929
14	Annual Operating Expenditure* Year 6 (Option Year)	\$4,209,418	1	\$4,209,418	\$0	\$4,209,418
15	Annual Operating Expenditure* Year 7 (Option Year)	\$4,220,012	1	\$4,220,012	\$0	\$4,220,012
16	Contingency			\$381,668		\$381,668
17	Total Not to Exceed			\$51,728,675	\$2,271,325	\$54,000,000

*Meter Management System licensing, credit card processing and wireless communication fees.

Recommendation

Approval of the agreement will provide a more user-friendly interface, allow for multiple payment options for parking; enable the SFMTA Meter Shop to maintain meter functionality, make programming changes remotely and easily replace parts as needed; and implement current technology. Therefore, the SFMTA recommends that the Board of Supervisors authorize the Agency to enter into an agreement with IPS Group, Inc. for the Procurement of Single-Space Parking Meters and Support Services for an amount not to exceed \$54 million, and for a term of five years with the option to extend the contract for up to two additional years.

Thank you for your consideration of the proposed agreement. Should you have any questions or require more information, please do not hesitate to contact me any time.

Sincerely,



**Edward D. Reiskin
Director of Transportation**

