File No. 100644

Committee Item No. 4
Board Item No. 24

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Andrea S. Ausberry Date Friday, May 28, 2010
Completed by: A. Ausberry Date Thursday, June 3, 2010

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Contract Amendment - Serco Inc. for Parking Meter Collection and Management Services - Not to Exceed $77,300,000]

Resolution approving Ninth Amendment to agreement with Serco Inc. for parking meter collection and management services, to extend the term by two years and increase the contract amount by $16,800,000, for a total contract amount not to exceed $77,300,000.

WHEREAS, On May 13, 2002, the Board of Supervisors adopted Resolution No. 305-02, approving a five-year Agreement, effective June 4, 2002, between the City and County of San Francisco and Serco Management Services, Inc. (now known a "Serco Inc.") ("Agreement") for parking meter collection and management services, for an amount not to exceed $50,000,000; and

WHEREAS, Under the Agreement, the San Francisco Municipal Transportation Agency ("SFMTA") has replaced approximately 23,000 mechanical meters with modern electronic single and multi-space meters, updated the means to track parking trends, and developed alternatives to coin payments for meter usage; and

WHEREAS, On May 22, 2007, the Board of Supervisors adopted Resolution No. 277-07, approving the Fourth Amendment to the Serco Agreement, which extended the contract term for a period of one year, to June 3, 2008, and increased the contract amount not to exceed $51,000,000; and

WHEREAS, The Fifth Amendment to the Agreement, date June 4, 2008, extended the Agreement to June 30, 2008; and

WHEREAS, On April 15, 2008, the SFMTA Board of Directors adopted Resolution No. 08-067, which approved the Sixth Amendment to the Agreement, extending the Agreement to June 30, 2010, and increasing the contract amount not to exceed $60,500,000 in support of

both ongoing services and the SF*park* program; on June 24, 2008, the Board of Supervisors adopted Resolution No. 288-08, approving the Sixth Amendment to the Agreement; and

WHEREAS, The SF*park* pilot projects will provide needed specifications for new parking meter procurement, new options for customer payment, and evaluate the effect of new payment options on existing coin counting and collections needs; and

WHEREAS, On February 2, 2010, the Board of Supervisors adopted Ordinance No. 35-10, which extended the pilot term for the SF*park* pilot projects to June 30, 2012; and

WHEREAS, The Ninth Amendment to the Agreement will continue ongoing parking meter coin collections, counting and software management services for the SFMTA and the Port of San Francisco, and allow for needed software, equipment and vehicle upgrades, as well as giving the SFMTA adequate time to collect information from the SF*park* pilot projects to incorporate into a Request for Proposals for a new parking meter collection and management services contract; and

WHEREAS, On May 4, 2010, the SFMTA Board of Directors adopted Resolution No. 10-067, approving the Ninth Amendment to the Agreement, to extend the contract to June 30, 2012, and increase the contract amount by $16,800,000, for a total contract amount not to exceed $77,300,000; copies of the Ninth Amendment are on file with the Clerk of the Board of Supervisors in File No. 100644, which is hereby declared to be a part of this motion as if set forth fully herein; now, therefore, be it

RESOLVED, That the Board of Supervisors approves the Ninth Amendment to the Agreement with Serco Inc., to extend the term of the Agreement to June 30, 2010 and to increase the contract amount by $16,800,000, for a total contract amount not to exceed $77,300,000.

Item 4 File 10-0644	Departments: San Francisco Municipal Transportation Agency (SFMTA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a Ninth Amendment to an existing Agreement between the City and County of San Francisco, through the San Francisco Municipal Transportation Agency (SFMTA), and Serco Management Systems, Inc. (Serco) to increase the Agreement's not-to-exceed amount by $16,800,000, from $60,500,000 to $77,300,000, and extend the term by two years, from July 1, 2010 through June 30, 2012.

Key Points

- The original five-year and not-to-exceed $50,000,000 Agreement between the SFMTA and Serco, previously approved by the Board of Supervisors in Resolution 305-02, provided for (a) the installation of electronic parking meters, (b) development and installation of a parking meter software system, and (c) revenue collection and coin counting services.
- There have been eight amendments to the original Agreement. Only the Fourth and Sixth Amendments substantially modified the length, scope and not-to-exceed amounts, thus requiring Board of Supervisors approval. The Fourth Amendment extended the term by one year through June 3, 2008, and increased the Agreement amount by $1,000,000 to $51,000,000. The Sixth Amendment extended the term by two years through June 30, 2010, and increased the Agreement by $9,500,000 to $60,500,000.
- The proposed Ninth Amendment would increase the Agreement amount by $16,800,000, from $60,500,000 to $77,300,000, and extend the term by two years from July 1, 2010 through June 30, 2012 to provide (a) continuing revenue collection and coin counting services, (b) equipment parts, maintenance, and upgrades, and (c) installation of new parking meters.

Fiscal Impact

- The proposed $16,800,000 increase in the existing Agreement amount would be funded by the SFMTA's FY 2010-2011 and FY 2011-2012 operating budgets, subject to appropriation approval by the Board of Supervisors.

Policy Issues

- The Board of Supervisors previously approved the Fourth and Sixth Amendments to the Serco Agreement with the understanding that SFMTA would issue a new Request for Proposal (RFP) for parking meter procurement, coin counting and collections, and management services. Approval of the proposed Ninth Amendment would be the third time the SFMTA delays issuing such a RFP.
- The subject Ninth Amendment provides for an expanded meter program at a cost of $5,179,000, and a contingency of $1,953,521 for at least 2,000 additional parking meters, for a total of $7,132,521 in additional new parking meters expenditures. The 2,000 new parking meters is in addition to 4,965 parking meters SFMTA will be purchasing through FY 2010-2011 for a separate parking meter pilot program, previously approved by the Board of

Supervisors. The balance of $9,667,479 ($16,800,000 less $7,132,521) is for continuing coin counting, revenue collection, management services, and equipment maintenance and upgrades to existing parking meters.

Recommendations

- Approval of the proposed resolution is a policy matter for the Board of Supervisors.
- Disapprove any future amendments to the existing parking management agreement with Serco, pending award of a new agreement under a new competitive RFP process.

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

Charter Section 9.118(b) requires that any contract amendment over $500,000 for a contract that (a) has a term period in excess of ten years or (b) a total contract amount over $10,000,000 must be approved by the Board of Supervisors.

Background

The Board of Supervisors first approved an Agreement between the SFMTA and Serco Management Systems, Inc. (Serco) to provide parking meter collection and management services in May of 2002. The Agreement was the result of a competitive Request for Proposal (RFP) process in which five responses were received. Under the original Agreement, Serco (a) installed 23,250 electronic parking meters, of which 23,000 were single space meters and 250 were multiple space meters, (b) developed and installed a parking meter software system, and (c) provided parking meter revenue collection and coin counting services. The original Agreement was for a five-year period from June 4, 2002 through June 3, 2007, for a not-to-exceed amount of $50,000,000.

Subsequently, the SFMTA entered into three amendments to the original Agreement with Serco, clarifying labor and management fees, and modifying revenue collection and coin counting rates. These amendments neither extended the Agreement term nor increased the not-to-exceed amount, and were, therefore, not subject to Board of Supervisors approval.

The SFMTA requested Board of Supervisors approval for a Fourth Amendment in May of 2007 to increase the Agreement not-to-exceed amount by $11,000,000, from $50,000,000 to $61,000,000, and extend the term for three years, from June 4, 2007 to June 3, 2010. The Fourth Amendment added new tasks to the existing Agreement, including (a) developing system requirements to allow Translink [1] cards to be used in parking meters, (b) upgrading the existing San Francisco Parking Meter System network server and retrofitting 55 handheld devices to improve access to coin and card data, program meters with updated operation times, rates, and

[1] Translink is an inter-modal automated transit fare card system under the direction of the Metropolitan Transportation Commission.

other parking meter information, and (c) implementing new technology to support future performance audits, and assist with the expansion of parking meter payment options, such as credit card payments, and a multi-space parking meter pilot program.

At the May 16, 2007 Budget and Finance Committee meeting when the MTA requested approval of the Fourth Amendment to the Serco Agreement, the members of the Committee discussed the need for the SFMTA to issue a Request for Proposal (RFP) for the subject Agreement. As a result, the Budget and Finance Committee recommended and the Board of Supervisors approved a Fourth Amendment, to only extend the Serco Agreement for one year from June 4, 2007 to June 3, 2008, rather than the requested three years, and to only increase the Agreement by $1,000,000, from $50,000,000 to $51,000,000, rather than the requested $11,000,000 increase (File 07-0545).

On June 4, 2008, SFMTA executed a Fifth Amendment that extended the Agreement for approximately one month, from June 4, 2008 to June 30, 2008, to allow the Budget Analyst's Office to review a proposed Sixth Amendment. Because the Fifth Amendment did not increase the term of the Agreement for more than ten years, the Fifth Amendment was not subject to Board of Supervisors approval.

In June of 2008, SFMTA requested Board of Supervisors approval for a Sixth Amendment that would (a) extend the existing Agreement for two additional years, from July 1, 2008 through June 30, 2010 and (b) increase the Agreement by $9,500,000 from $51,000,000 to a not-to-exceed $60,500,000 (File 08-0851). Pursuant to Charter Section 9.118(b) the Sixth Amendment required Board of Supervisors approval because it increased the contract maximum by more than $500,000 for a contract in excess of $10,000,000.

The Sixth Amendment (a) continued existing services, (b) allowed SFMTA to procure meters on behalf of the Port, and (c) included coin room software and service enhancements. Further, the two-year extension of the Serco Agreement to provide parking meter management services would coincide with the federally funded SFpark Pilot Project.[2] Again, the Board of Supervisors discussed the need to issue a new competitive RFP. However, when SFMTA requested approval of the Sixth Amendment, SFMTA wrote in a memo, provided as Attachment I, that continuing the existing Agreement with Serco would enable the SFMTA "to test and obtain valuable data needed to write [a] RFP for meter and related services that will better serve the public through effective parking management." The Board of Supervisors subsequently approved the Sixth Amendment to extend the existing agreement through June 30, 2010.

Subsequently, the SFMTA entered into a Seventh Amendment on March 12, 2009 to establish separate procurement, warranty and service agreements for the Port's parking meters, with Serco acting as the procurement agent. The SFMTA executed the Eighth Amendment on January 1, 2010 to establish a three percent reduction on all management fees associated with the Agreement for the remaining six months of the Agreement, in support of the SFMTA's Vendor Reduction Program. The Seventh and Eighth Amendments were not subject to Board of Supervisors approval.

[2] The SFMTA implemented the SFpark Pilot Project to manage and evaluate parking strategies that achieve more efficient parking in San Francisco. It is part of the August 6, 2007 San Francisco Urban Partnership Agreement between the U.S. Department of Transportation and the SFMTA.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a Ninth Amendment to the Agreement between SFMTA and Serco to provide parking meter collection and management services by (a) increasing the Agreement's not-to-exceed limit by $16,800,000, from $60,500,000 to $77,300,000, and (b) extending the term by two years, through June 30, 2012.

In addition, the Ninth Amendment would (a) reduce the cost of existing meter collection and management services, (b) provide an additional 240 hours of integrated software management support, in anticipation of SFpark pilots need to track revenues, (c) provide computer system upgrades, (d) allow continued purchase of meter maintenance parts, meter parking cards, and extend the warranty and service agreements on recently purchased parking meters for the Port, (e) provide an option to assist the SFMTA Meter Shop[3] with installation of at least 2,000 additional parking meters, upon SFMTA's request, and (f) provide an option to increase coin counting and collection services to accommodate SFpark pilots and additional meter installation, upon SFMTA's request.

Proposed, Requested Extension of the Agreement's Term For Two Years

The existing eight-year Agreement between the SFMTA and Serco expires on June 30, 2010. According to Ms. Lorraine Fuqua, of the SFMTA Finance Division, consistent with the Board of Supervisors' previous policy decisions, the SFMTA intended to issue a new RFP for parking meter procurement, coin counting and collections and data management services prior to the expiration of the existing Serco Agreement, based on the results of the SFpark Pilot Project. The SFpark Pilot Project includes various individual projects to manage and evaluate parking strategies that achieve more efficient parking in San Francisco. SFMTA anticipated that the results from the various pilot projects would be available by spring 2009, to allow the SFMTA to develop specifications for procurement, coin collection and counting needs for a RFP to be issued in the fall of 2009. However, Ms. Fuqua advises that Federal funds were not officially allocated to the SFpark Pilot Project until January 2009 and permission to expend the Federal funding was not granted by Caltrans until June 2009.

Ms. Fuqua advises that the SFpark Pilot Projects are currently scheduled to begin in mid-2010, with the results and evaluation to be completed in 2011. Ms. Fuqua advises that the SFpark major pilot projects are not scheduled to begin until approximately a year after Caltrans granted approval to spend funding because of (a) required multiple procurements for parking sensors and parking meters, (b) highly complex technical integration such as the resolution of power issues with the San Francisco Public Utilities Commission, and (c) extensive community outreach for the pilot program.

In a memo, provided as Attachment II, Ms. Fuqua stated that in response to all requests from the Board of Supervisors to issue a new competitive RFP for a new parking meter procurement,

[3] The SFMTA Meter Shop is a central location where SFMTA technicians are located to address meter-related repairs and maintenance.

collections, and management services agreement, "the SFMTA has consistently explained that issuing [a] RFP [would] not be in the best interests of the public, because the SFMTA was not able to issue reliable specifications for new parking meters, due to evolving technology that included the introduction of potential new forms of payment."

In addition, Ms. Fuqua advises that, "the SFMTA did not have data on the impact that introducing new forms of payment would have on existing service needs with regard to coin counting and collections, which potential proposers would need to know in order to plan for their revenue and cost projections, and submit an accurate cost proposal for labor, equipment, infrastructure and management fees."

Finally, according to Ms. Fuqua, "The proposed Ninth Amendment will be the last for this agreement...A new contract for parking meter procurement and support services will be issued on or before the current contract's expiration date of June 30, 2012."

FISCAL IMPACTS

Estimated Revenues and Expenditures from FY 2002-2003 through FY 2009-2010

Based on data provided by the SFMTA, the SFMTA received $218,199,837 in gross revenues under the existing Agreement with Serco from June 4, 2002 through April 20, 2010, as shown in Table 1 below, excluding Port meter revenues.

Table 1: Annual SFMTA Parking Meter Revenue

Fiscal Years	Annual Revenues Received	
FY 2002-2003	$14,203,844	
FY 2003-2004	24,107,482	
FY 2004-2005	24,148,426	
FY 2005-2006	29,687,616	
FY 2006-2007	30,916,410	
FY 2007-2008	31,625,512	
FY 2008-2009	32,269,619	*
FY 2009-2010 (as of April 20)	31,240,928	*
Total	**$218,199,837**	

Source: SFMTA

*Revenue does not include revenue from meters installed at the Port

The $218,199,837 represents Serco's collection of the City parking meter revenues and related revenues. Based on data provided by the SFMTA, the SFMTA will have paid to Serco an estimated $59,677,136 of the current not-to-exceed amount of $60,500,000 under the Agreement with Serco from FY 2002-2003 through FY 2009-2010, as shown in Table 2 below.

Table 2: Annual Serco Contract Expenses

Fiscal Years	Annual Expenditures
FY 2002-2003	$30,854,505 *
FY 2003-2004	2,812,315
FY 2004-2005	2,661,890
FY 2005-2006	4,525,077
FY 2006-2007	4,451,209
FY 2007-2008	4,092,381
FY 2008-2009	4,206,584
FY 2009-2010 (projected)	6,073,175
Total	**$59,677,136**

Source: SFMTA

*Expenditures in FY 2002-2003 includes meter procurement

Based on the data shown above in Tables 1 and 2, SFMTA received $158,522,701 ($218,199,837 from the parking meter revenues and related revenues collected by Serco less $59,677,136 paid to Serco) of net revenues from FY 2002-2003 through FY 2009-2010.

As shown in Table 2 above, the estimated total expenditures through FY 2009-2010 of $59,677,136 are $822,864 less than the current not-to-exceed $60,500,000 Agreement with Serco.

Fiscal Provisions of the Proposed Ninth Amendment

The proposed Ninth Amendment, which provides for a not-to-exceed $77,300,000 Agreement, includes $1,953,521 ($77,300,000 less $75,346,479 excluding contingency), or 2.6 percent. Such contingency funding of $1,953,521 is for procurement and collections for parking meters, in addition to the expanded meter program discussed below. Contingency funding was not included in the Original Agreement and previous amendments to the Agreement. Page 1 of Attachment III, provided by SFMTA, contains expenditure details for the requested not-to-exceed amount of $77,300,000. The source of funding would be the SFMTA operating budget.

Reduction of cost for existing services: Based on data provided by SFMTA, under the proposed Ninth Amendment, annual expenditures for ongoing services and management fees would decrease by approximately $137,824 or 3.5 percent in FY 2010-2011 and by $47,665 or 1.2 percent of FY 2009-2010 expenditures in FY 2011-2012, as shown on page 2 of Attachment III.

Though overall costs for ongoing services and management fees would decrease, the costs for Port Wireless / Wi-Fi fees would increase by $12,369, or 19.55 percent, from $63,258 to $75,627 in FY 2010-2011, and by $25,400, or 40.15 percent over FY 2009-2010 expenditures, from $63,258 to $88,658 in FY 2011-12 (see page 2 of Attachment III), because when the Port's parking meters were purchased in FY 2009-2010, SFMTA received a discount for the Port Wireless / Wi-Fi fees. The increase in fees in FY 2010-2011 and FY 2011-12 reflect the projected non-discounted rates, and a CPI increase for each subsequent year of the Agreement.

Continued Maintenance, Parts, and Equipment Upgrades: In addition to ongoing service and support costs, SFMTA costs for maintenance, parts, equipment purchases and extended warranties under the Agreement with Serco is expected to increase, as summarized in Table 3 below.

Table 3: Current and Projected Maintenance, Parts and Equipment Upgrade Costs

	FY 2009-2010	FY 2010-2011	FY 2011-2012
Equipment Maintenance (Meters and Coin Room)	$415,572	$575,000	$661,250
Parking Meter Card Purchase	$542,981	$700,000	$700,000
Extended Warranties for Port Meters	$0	$44,123	$64,713
Total	**$958,553**	**$1,716,123**	**$1,425,963**

Source: SFMTA

As shown in Table 3 above, under the Ninth Amendment, equipment maintenance costs would increase by $159,428, or 38.4 percent, from $415,572 in FY 2009-2010 to $575,000 in FY 2010-2011, and by an additional $86,250 or 15 percent to $661,250 in FY 2011-2012. According to Ms. Fuqua, equipment maintenance costs are expected to increase due to aging meters that will require additional parts replacement and maintenance.

The SFMTA implemented the prepaid Smart Card Program in December of 2005, which allows motorists to purchase $20 or $50 Smart Cards to insert into parking meters rather than using coins. Expenses for procuring Smart Cards, which is approximately $2.00 per card, are recouped through customer purchase of the cards at face value. Based on projected growth in the sales of Smart Cards, SFMTA estimates increased Smart Card costs of $157,019, or 28.9 percent, from $542,981 to $700,000 in FY 2010-2011 and FY 2011-2012.

According to Ms. Fuqua, the existing Port parking meter warranties will expire in December 2010. With the proposed Ninth Amendment and extension of the Agreement with Serco, Ms. Fuqua advises that the Port has requested extended hardware and software warranties for 18 months or through June 30, 2012, at a cost of approximately $980/meter for 111 meters or a total of $108,836 ($44,123 plus $64,713) purchased for the Port.

Options to assist with meter installation and increase coin counting and collection services: Ms. Fuqua advises that SFMTA anticipates installing at least 2,000 new parking meters at various locations throughout the City before June 30, 2012. The expanded meter program is intended to help SFMTA achieve parking management and generate additional revenue to support transit services. According to Ms. Fuqua, a majority of the new metered spaces are proposed for SFpark Pilot Project areas, so that meters purchased will be consistent with those meters used in the SFpark Pilot Project. The installation of additional parking meters will require additional coin collection, counting, software and management support as well as an increase of collection days, from five to six days per week. Details of the $5,179,000 ($2,579,000 in FY 2010-2011 plus $2,600,000 in FY 2011-2012) in new expenditures associated with the expanded parking meter program are shown in Table 4 below.

Table 4: Estimated New Expenditures for Expanded Parking Meter Program

	FY 2010-2011 (Year 1 of Proposed Extension)	FY 2011-2012 (Year 2 of Proposed Extension)
Coin Collections	$745,000	$760,000
Coin Counting	$122,000	$125,000
Parking Meter Procurement	$1,390,000	$1,390,000
Parking Meter Installation	$322,000	$325,000
Total	**$2,579,000 ***	**$2,600,000 ***

Source: SFMTA

* Total of $5,179,000

According to Ms. Fuqua, the SFMTA has already designated new expenditures for and revenues from the expanded parking meter program in its FY 2010-2011 and FY 2011-2012 budget.

POLICY CONSIDERATION

Contrary to previous Board of Supervisors' policy decisions, the proposed Ninth Amendment is the third time SFMTA is requesting a delay in issuing a Request for Proposal (RFP) for parking meter procurement, coin counting, collections and management services

As discussed in the Background section above, the Budget and Finance Committee discussed the need for the SFMTA to issue a Request for Proposal (RFP) for the subject Serco Agreement in May, 2007, or over three years ago. At that time, the Budget and Finance Committee recommended and the Board of Supervisors approved a Fourth Amendment to the Serco Agreement, extending the Agreement for only one year from June 4, 2007 to June 3, 2008, rather than SFMTA's requested three years,.

In June of 2008, however, the SFMTA requested approval of a Sixth Amendment to the Serco Agreement to extend the term for approximately two additional years, through June 30, 2010. As stated in Attachment I, at the time the SFMTA requested approval of the Sixth Amendment, the SFMTA did not have available data to accurately project the effects of alternate methods of payment on coin counting and collections services. As shown in Attachment I, page 3, SFMTA requested approval of the Sixth Amendment and a SFpark Agreement to "enable the SFMTA to test and obtain valuable data needed to write an RFP for meter and related services." The Board of Supervisors subsequently approved the Sixth Amendment to the Serco Agreement and the SFparks Pilot Programs through June 30, 2010.

Ms. Fuqua advises that SFMTA currently does not have sufficient data to issue a RFP for parking meter procurement, coin counting and collections because of delays in Federal funds for the SFpark Pilot Project. The delay in Federal funding resulted in a delay in implementing the SFpark Pilot Project, which was supposed to provide evaluation and results needed for a well-informed RFP for meter procurement and support services citywide. According to Ms. Fuqua, Federal funds were not officially allocated to the SFpark Pilot Project until January 2009 and permission to spend funding was not granted by Caltrans until June 2009.

According to Ms. Fuqua, the SFpark major pilot projects are currently scheduled to begin in mid-2010, with results and evaluation taking place in 2011. Ms. Fuqua advises that the year delay in implementing the SFpark pilot projects after receiving approval to expend Federal Funds is due to required procurements, technical integrations, and community outreach for the program.

The SFMTA anticipates that the parking meters chosen for the SFpark Pilot Project will have features that will allow payment status on credit card payments to be displayed and verified directly at the parking meter, which would allow for Parking Control Officers enforcement by sight, and lower the dependency of service and website communications for meter enforcement. In addition, the SFMTA will be testing a pay-by-cell-phone option for the parking meters used in the SFpark pilots. Therefore, Ms. Fuqua advises that results from the use of more technologically advanced parking meters and alternate payment methods in the SFpark Pilot Project could impact parking meter procurement, coin counting and collections citywide.

On February 2, 2010, the Board of Supervisors approved an extension of the SFpark Pilot Project through June 30, 2012 (File 09-1231). Ms. Fuqua advises that SFMTA is currently requesting to similarly extend the existing Agreement with Serco for coin counting and collections services until the results of the SFpark Pilot Project are available, as opposed to issuing a new RFP, in order to ensure that the SFMTA, "acquire enough data from the SFpark pilots to craft [a] RFP by early 2012 that will allow for parking meter specifications for procurement and assess needed service support levels for customer payments by coin, smart card, and pay-by-cell. A new contract for parking meter procurement and support services will be issued on or before the current contract's expiration date of June 30, 2012," (see Attachment II, page 3).

The contingency funding and options for an expanded meter program in the proposed Ninth Amendment are to purchase parking meters in addition to those purchased for the SFpark Pilot Project

As previously stated, the proposed Ninth Amendment includes options for Serco to purchase, help install, collect revenue and manage approximately 2,000 new parking meters. A majority of the new meters will be installed in SFpark Pilot Project areas, but are in addition to the meters purchased with Federal funds for the SFpark Pilot Project. Under the proposed Ninth Amendment, expenditures for the expanded meter program are an estimated $5,179,000.

In addition, the proposed Ninth Amendment includes $1,953,521 ($77,300,000 less $75,346,479 excluding contingency), or 2.6 percent. Such contingency funding of $1,953,521 is for procurement, collection and management of new parking meters, depending on modifications to the projected SFMTA FY 2010-2011 and FY 2011-2012 budgets.

Therefore, the proposed Ninth Amendment includes $7,132,521 ($5,179,000 plus $1,953,521) in funds for the procurement, collection and management of parking meters, in addition to the

$22,080,000[4] funds previously approved by the Board of Supervisors for the SFpark Pilot Project (File 09-1231).

According to Ms. Fuqua, expenditures for the expanded meter program and anticipated revenue are already included in the SFMTA FY 2010-2011 and FY 2011-2012 budgets. Ms. Fuqua also advises that a new RFP for meter procurement, collection and management, to be issued in the early 2012, will also include procurement of new meters, depending on the results of the SFpark Pilot Project.

Given that (a) the SFMTA is already purchasing new parking meters through the SFpark Pilot Project and (b) procurement for new meters will be included in a new RFP, estimated to be issued early 2012, for a new contract to manage parking meters citywide, the Budget and Legislative Analyst would recommend deleting the provisions of (a) options to install and collect revenue for an expended meter program in the amount of $5,179,000 (see Table 4 above) and (b) contingency funding for additional parking meters in the amount of $1,953,521 (see Attachment III, page 1) for a total reduction of $7,132,521, from a not-to-exceed amount of $77,300,000 to $70,167,479 under the proposed Ninth Amendment.

However, according to Ms. Sonali Bose, Chief Financial Officer of SFMTA, projected revenue from the expanded meter program is already included in the SFMTA FY 2010-2011 and FY 2011-2012 operating budgets, and eliminating the program and contingency would impact SFMTA's budgets. Therefore, the Budget and Legislative Analyst has not recommended a $7,132,521 reduction in the proposed Ninth Amendment to the Agreement with Serco.

The Board of Supervisors should disapprove any future modifications to the existing parking management agreement with Serco, pending award of a new agreement under a new competitive RFP process

When the Board of Supervisors approved the Sixth Amendment to the Serco Agreement, SFMTA was requested to report to the Board of Supervisors twice per year on the status of the RFP process, beginning in December of 2008. Based on the Board of Supervisors request, SFMTA should have reported to the Board of Supervisors in June of 2009 and December of 2009, and currently preparing their third report. According to Ms. Fuqua, SFMTA submitted only one report, on April 15, 2010, which is provided as Attachment IV.

As stated in Attachment IV, SFMTA staff met in October 2009 to discuss the feasibility of issuing any RFPs regarding meter procurement and support services. However, SFMTA believed that they did not "have enough information to determine the specification for coin counting and collections because [they did] not yet have enough data to accurately project [sic] expenses for coinage volume and related infrastructure needs," (see Attachment IV, page 4).

[4] The $22,080,000 funds previously approved by the Board of Supervisors for the SFpark Pilot Prjoect includes $18,400,000 of U.S. Department of Transportation (DOT) Urban Partnership Program grant funds, $2,180,000 of MTA operating funds, and $1,500,000 of Westfield Center development impact fees.

The Budget and Legislative Analyst notes that the original Agreement with Serco was for a five-year term, and approval of the Ninth Amendment would extend the term of the Agreement to a ten-year period. Therefore, the new term of the Serco Agreement would be twice the original term, still without issuing a new RFP.

Summary

In summary, twice before, when the SFMTA requested the Fourth Amendment in 2007 and when the SFMTA requested the Sixth Amendment in 2008, the Board of Supervisors specifically requested the SFMTA to conduct a new competitive RFP process for a new parking management agreement. On both of those prior occasions, as well as in this requested Ninth Amendment, the Board of Supervisors has had limited time and flexibility in their decision to approve the requested amendments to the existing Agreement with Serco, because the agreement with Serco provides needed, important services and generates significant revenues for the City. Therefore, the Board of Supervisors previously approved the Fourth and Sixth Amendments to the existing Agreement with Serco despite the Board's two previous requests that a new competitive RFP process for a new agreement be conducted by the SFMTA, and the Budget and Legislative Analyst considers approval of this Ninth Amendment to be a policy decision for the Board of Supervisors.

However, the Budget and Legislative Analyst recommends that the Board of Supervisors disapprove any future amendments to the existing parking management agreement with Serco, pending award of a new agreement under a new competitive RFP process.

RECOMMENDATIONS

1. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

2. Disapprove any future amendments to the existing parking management agreement with Serco, pending award of a new agreement under a new competitive RFP process.

MEMORANDUM

Date: May 27, 2008

To: Ken Bruce
Board of Supervisors Budget Analyst

From: Steve Bell
Manager, Finance and Administration
Parking Services and Fare Media Unit

Re: Sole Source Clarification for Sixth Amendment and SF*park* Agreement

Please review the following, which should clarify the difference between the proposed amendment and the proposed new contract with Serco Inc.

Sixth Amendment: This contract is not a sole source contract, but rather an extension of the current Agreement for Meter Management Systems that was awarded through a competitive solicitation process in 2002 to Serco Inc. The SFMTA seeks to extend the contract to continue ongoing meter maintenance and coin counting and collection services, make some technological upgrades and extend management services to include the Port of San Francisco, so as to unify meter services throughout the City.

On April 17, 2007, the SFMTA received approval from its Board of Directors to extend the current contract with Serco Inc., for Meter Management Services for a period of three years, to June 2010. At that time the SFMTA felt that attempting to initiate a new competitive solicitation process for meter services in the midst of rapidly changing technology would put the City and the public at a disadvantage, because not enough data was available to recommend the best way to transition from coin-based payment to payments via smart or credit cards. Although the Board of Supervisors reduced the extension to one year, the SFMTA indicated that they would need to come back to the Board of Supervisors for additional time, for the reasons outlined below.

Meter rates were increased in 2005, and as a result of the need for more coinage, the SFMTA developed a Parking Meter Card that would enable the public to pay for meter usage without the need for coins. The current cards, available in $20 and $50 values, were designed to address an immediate need for an alternate payment

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method. The cards are not rechargeable and can only be used in meters currently maintained by the SFMTA (not Port meters). The impact of moving from coin to card-based payments would also dramatically affect the need for coin counting and collections, but without available data, the SFMTA could not accurately project how great the drop in coin counting and collections would be as the public took up alternate methods of payment. Contractors planning to bid on a new Meter RFP would need to anticipate the impact that suddenly decreasing coin collection and counting volumes would have on their initial capital investment without having any figures on which to base their projections.

Closely tied to the need for technology and the demand for alternate means of payment for meter usage was the need to test various ways to improve traffic congestion in the City through demand-response pricing. Technology exists (but has not been tested) that would enable the SFMTA to determine the availability of on-street metered parking as well as in SFMTA-operated parking garages and lots, and thereby to adjust parking pricing to modulate parking demand. This approach to parking management, enabled by new technology, would mean drivers would spend less time circling while looking for parking spaces, and would encourage people to consider alternate means of transportation, especially during periods of peak parking demand.

SF*park* Agreement: To help address issues with parking management and congestion, the SFMTA plans to conduct, via SF*park*, a series of pilot parking projects to coordinate, manage and evaluate multiple new technologies and parking management approaches designed to reduce congestion by managing parking more effectively. The SF*park* contract would serve as the means to initiate the pilot projects, and would be paid for mainly through Federal Highway Administration (FHWA) funding through the Urban Partnership Program (UPP), which is administered by the Federal Department of Transportation (DOT).

Despite the fact that most of the pilot projects directly or indirectly involve meters and would normally have been integrated into the Sixth Amendment, a federally-financed contract requires a separate contracting document. Serco Inc. was the logical choice for the contractor to administer services relating to the pilot because Serco has a proprietary software system that is being used for data management relating to meters and could be used to assist in tracking and documenting the pilot project results. Serco also has more than seven years of demonstrated experience in acting as a facilitator in procuring equipment and services relating to meters. Serco will receive only a 5 percent equipment procurement fee, and approximately $3.8 million for management services. The bulk of the contract ($15.6 million) goes directly to equipment manufacturers. The SFMTA is in the process of obtaining endorsement of a sole-source contract with Serco from the FHWA in support of SF*park*.

It should also be noted that the SFMTA has placed into the SF*park* Agreement stringent procedures that must be periodically approved by the SFMTA to ensure that whenever possible, Serco is obligated to do competitive solicitation in procurement of equipment. These procedures are outlined in SF*park* Agreement Attachment A – Scope of Services. As a federally-funded program, expenditures for the SF*park* pilot projects are also subject to federal oversight and audit.

In summation, the SFMTA seeks approval from the Board of Supervisors for two contracts: The Sixth Amendment to the current contract for Meter Management Services, which is not a sole source agreement, but a continuation of an existing contract that was rewarded through a competitive solicitation process; and the SF*park* Agreement, which enables the SFMTA to test and obtain valuable data needed to write an RFP for meter and related services that will better serve the public through effective parking management.

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MEMORANDUM

Date: May 27, 2010

To: Emilyzen Ignacio,
Budget and Legislative Analyst's Office

Through: Sonali Bose,
Director of Finance and Information Technology and CFO

From: Lorraine Fuqua,
Manager, On-Street Parking Services Contracts

Re: Parking Meter Extension-Reasons for not issuing an RFP

This memorandum is written to response to the Budget Analyst Office's inquiry as to why a Request for Proposals has not been issued for parking meter procurement and support services, despite requests from the Board of Supervisors to issue an RFP when prior extensions were granted.

In responding to all requests from the Board of Supervisors to issue an RFP, the SFMTA has consistently explained that issuing an RFP was not be in the best interests of the public, because the SFMTA was not able to issue reliable specifications for new parking meters, due to evolving technology that included the introduction of potential new forms of payment, such as credit cards, various types of smart cards and payment through cell phones. In addition, the SFMTA did not have data on the impact that introducing new forms of payment would have on existing service needs with regard to coin counting and collections, which potential proposers would need to know in order to plan for their revenue and cost projections, and submit an accurate cost proposal for labor, equipment, infrastructure and management fees.

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In 2007 the SFMTA Board and the Board of Supervisors approved the SF*park* Pilot programs, which would, among other parking management evaluations, provide an opportunity to test new parking meter technology and new payment options, and their impact on existing coin payment levels. The pilots were due to begin in mid-2009, however, due to Federal funding delays that were not resolved until mid-2009, the pilot projects had to be postponed until mid-2010. In response to the funding delay, the SFMTA Board and the Board of Supervisors granted a two-year extension of the SFpark pilot projects, until June 30, 2012.

The SFMTA has received preliminary data from managing the Port of San Francisco's purchase of parking meters with a credit card payment option, which were deployed in Fall 2009. Although the program has been successful overall, with significant increases in revenue for the Port due to the credit card option, the technology has proven to be less reliable than we would like, and the SFMTA has had to work the meter vendor to adjust to the challenges of this new technology. Anecdotal inquiries to other cities have revealed similar challenges, with the technology currently available.

Given the City's complex needs in support the innovative parking management strategies being evaluated the SFpark program, the SFMTA does not think it is wise to enter into a long term commitment for a Citywide parking meter infrastructure replacement without undertaking the pilots.

The needed data from parking meter and payment technology testing, and the impact on introducing new payment options on existing coin levels will not be available until Spring 2011. Once the SFMTA has collected and evaluated this data, the agency will be able to draft an RFP that provides technologically viable specifications that can address the City's particular parking meter needs, and will be able to evaluate how best to adjust existing service level needs to accommodate multiple types of parking payments.

The proposed Ninth Amendment will be the last for this agreement, as the SFMTA plans to release an RFP in early 2012 to replace all current meters throughout the City, and adjust current coin counting and collections services in lieu of broadening customer payment options. Since no further funding delays are expected, the SFMTA should be able to acquire enough data from the

SFpark pilots to craft an RFP by January 2012 that will allow for parking meter specifications for procurement and assess needed service support levels for customer payments by coin, smart card, and pay-by-cell. A new contract for parking meter procurement and support services will be issued on or before the current contract's expiration date of June 30, 2012.

	Total	9th Amendment			TOTAL CONTRACT AMOUNT
Existing Services	FY 02/03 through FY 09/10	FY10/11 Yr9	FY11/12 Yr10	Total	
Collection Management Fee	$7,122,413	$ 962,836	$ 983,324	$ 1,946,160	$ 9,068,572
Collection Crew Shift Fees	10,914,652	1,834,246	1,870,334	3,704,580	$14,619,232
Coin Processing Management Fee	2,784,508	353,238	356,553	709,791	$3,494,299
Coin Processing Labor	1,189,038	166,573	171,389	337,962	$1,527,000
SFPM System Administration Management Fee	1,332,638	282,934	292,542	575,476	$1,908,115
Parts/Maintenance/Upgrades					
Meter Spare Parts Purchases	2,692,588	575,000	661,250	1,236,250	$3,928,838
SFPM Software Development and Upgrades	1,539,106	-	-	-	$1,539,106
Smart Card Procurement	2,049,726	700,000	700,000	1,400,000	$3,449,726
Original Meter Procurement (FY 2003)	22,322,027	-	-	-	$22,322,027
Original Installation Services (FY 2003)	6,147,966	-	-	-	$6,147,966
Server & Handheld Upgrade	160,170	-	-	-	$160,170
Coin Room Software Upgrade	45,232	-	-	-	$45,232
Coin Room Parts Allotment	10,000	5,000	5,000	10,000	$20,000
Armored Collections	-	-	-	-	-
Port Meter Program (FY 2010 - FY 2012)					
Port Meter Procurement	1,058,088	-	-	-	$1,058,088
Software Upgrade	91,160	-	-	-	$91,160
Port Coin Processing Labor	49,675	42,831	44,144	86,976	$136,651
Port Collection Crew Shift Fees	104,890	104,264	105,764	210,028	$314,918
Port Wireless/Wi-Fi Fee	63,258	75,627	88,658	164,284	$227,543
Port Extended Warranty/Service Agreement	-	44,123	64,713	108,836	$108,836
Pakring Meter Expansion (FY 2011 - 2012)					
Meter Expansion Collection Crew Shift Fees	-	745,000	760,000	1,505,000	$1,505,000
Meter Expansion Coin Processing Labor	-	122,000	125,000	247,000	$247,000
Meter Procurement (expansion-2,000+)	-	1,390,000	1,390,000	2,780,000	$2,780,000
Installation Services (expansion-2,000+)	-	322,000	325,000	647,000	$647,000
SUBTOTAL	$59,677,136	$ 7,725,672	$ 7,943,670	$ 15,669,342	$ 75,346,479
Contingency				*2.6%*	*$ 1,953,521*
Total					$ 77,300,000

Existing Agreement Amount	$80,500,000
Less Current Expenditures	($59,677,136)
Existing Balance	**$822,864**
Ninth Amendment Total Expenditures	$15,669,342
Contingency	$1,953,521
Subtotal	$17,622,863
Less Existing Agreement Balance	($822,864)
Requested Ninth Amendment Increase Amount	**$16,800,000**

Serco Agreement Expenditures
FY 2002-2003 through FY 2009-2010
Provided by MTA

Existing Services	FY2010 (current) Contract Yr 8	FY2010 – 2011 Contract Yr 9	Percent +/-	FY 2011 – 2012 Contract Yr 10	Percent +/-
Collection Management Fee	$963,441	$962,836	-0.06%	$983,324	2.06%
Collection Crew Shift Fees	1,951,324	1,834,246	-6.00%	1,870,334	-4.15%
Coin Processing Management Fee	360,821	353,238	-2.10%	356,553	-1.18%
Coin Processing Labor	187,356	166,573	-11.09%	171,389	-8.52%
SFPM System Administration Management Fee	279,608	282,934	1.19%	292,542	4.63%
Port Coin Processing Labor	49,675	42,831	-13.78%	44,144	-11.13%
Port Collection Crew Shift Fees	104,890	104,264	-0.60%	105,764	0.83%
Port Wireless/Wi-Fi Fees	63,258	75,627	19.56%	88,658	40.15%
Totals	**$3,960,373**	**$3,822,549**	**-3.48%**	**$3,912,708**	**-1.20%**
Increase / (Decrease) from FY 2009-2010		($137,824)		($47,665)	

Serco Agreement Expenditures
FY 2002-2003 through FY 2009-2010
Provided by MTA

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April 15, 2010

Angela Calvillo, Clerk of the Board
Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Re: Status Report Request from the Board of Supervisors

Dear Ms. Calvillo:

Attached please find a report detailing the status of the Request for Proposal process for the current parking meter procurement and coin counting and collections contract, as requested in Resolution 288-08. Should you or members of the Board have additional questions, please forward them to Sonali Bose, Director of Finance and Information Technology and CFO.

Sincerely,

Nathaniel P. Ford Sr.
Executive Director/CEO

cc: Sonali Bose
Steven Lee

Attachment:

SB:lrf

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MEMORANDUM

DATE: April 15, 2010

TO: Honorable Members of the Board of Supervisors

THROUGH: Nathaniel P. Ford Sr.
Executive Director/CEO

FROM: Sonali Bose
Director of Finance and Information Technology/CFO

SUBJECT: Status Report: Meter Procurement and Coin Counting and Collections RFP

The following timeline serves as a response to the requirement from the Board of Supervisors, issued as part of Resolution 288-08, for periodic reports on the progress of developing a Request for Proposals for Meter Procurement and Coin Counting Services.

Date	Action
July 2008 – January 2009	Review of prior RFP; Developed outline for combined procurement/coin counting and collections RFP, with input from agency divisions including IT, Meter Shop (operations), Finance and Enforcement
Late January 2009	After initial review of draft, staff determined that RPF should be split into CC&C and procurement RFPs. Reason: meter technology had not been evaluated through SF*park* program due to the delay of federal funding expected in Spring 2008. Funds were not formally obligated to SFMTA in January 2009, and authorization to spend against grant monies was not granted until June 2009.

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Date	Action
April 2009	Hayes St. "pay by credit card" pilot (IPS meters). Sixty single-space meters were installed on the 400 and 500 blocks of Hayes Street. Anecdotal data identified some specifications for future procurement; some technical challenges and demonstrated that the public was interested in using this payment option. Pilot scope was too limited to draw general recommendations for meter specifications needed.
June 2009	SF*park* authorization to expend grant monies granted.
July 2009	Cal-Steiner Street "pay by credit card" meter pilot (McKay Meters) Two multi-space paystations were installed at the California-Steiner Street parking lot to replace 54 single meters. Anecdotal data identified some specifications for future procurement; some technical challenges and further demonstrated that the public was interested in using this payment option. Pilot scope was too limited to draw general recommendations for meter specifications needed.
August 2009	Port meter installation. This installation, part of the SF*park* pilot program, consisted of 99 multi-space paystations that accepted credit card payments as well as coinage. This pilot was larger than the two conducted previously, and significant challenges to the existing technology (both software and hardware-related) were discovered between September 2009 and April 2010. Most, however, have been resolved, or should be resolved by May 2010.
September 2009	SFMTA Board passed resolution (09-067) granting SF*park* program an additional two years (till June 30, 2012) to evaluate meter technology along with parking management pilots.

Date	Action
October 2009	Staff met to discuss feasibility of issuing any RFPs regarding meter procurement or support services. Despite ongoing challenges with technology, credit card payments have proved popular; however, we do not have enough information to determine the specifications for coin counting and collections because we do not yet have enough data to accurately project projected expenses for coinage volume and related infrastructure needs (equipments, vehicles, space, etc) after credit card capable meters are installed.
November 2009 – January 2010	• BOS passed ordinance (035-10) granting extension of SF*park* pilot program to June 2012. • Negotiations entered into with current contractor for extension for CC&C services; plan is now to draft combined procurement RFP with CC&C in January 2011, once Citywide SF*park* pilots been done and yielded sufficient data for specific meter procurement and support service requirements.
February 2010 – Present	Extension developed to maintain coin counting and collection services and to continue accurate monitoring of revenue; Extension request will be submitted to the SFMTA Board for review and approval by May 4, 2010; then forwarded to the Board of Supervisors for consideration.

MEMORANDUM

DATE: May 18, 2010

TO: The Honorable Members of the Board of Supervisors

FROM: Nathaniel P. Ford Sr.
Executive Director/ CEO

THROUGH: Sonali Bose For Sonali Bose
Director of Finance and Information Technology/CFO

SUBJECT: Approving the Ninth Amendment of the Agreement with Serco, Inc., for Parking Meter Procurement, Coin Counting and Collections and Management Services

The purpose of this briefing is to provide information to support the SFMTA's request that the Board of Supervisors approve an extension of the current Parking Meter Procurement, Coin Collections and Counting, and Data Management Agreement with Serco, Inc. for a term of two additional years, until June 30, 2012, and to increase the not-to-exceed amount of the agreement from $60.5 million to $77.3 million.

Serco has been in partnership with the City since May 2002. During their tenure with the SFMTA, they have skillfully managed the citywide parking meter coin counting and collections program, including procurement of more than 23,000 parking meters, maintenance support to the Agency's Meter Shop, and development of a City-tailored data management software program that has integrated, automated and streamlined data from multiple meter vendors in order to improve the efficiency of the City's meter revenue tracking and auditing processes. These efforts have resulted in gross revenue to the City in excess of $218 million and cumulative costs of $59.7 million, for a net revenue of approximately $158.3 million.

Since the last amendment was granted to this contract in June 2008 concurrently with the federally-funded SF*park* Agreement with Serco, Serco has expanded their support to the City by acting as procurement agent for various parking meter, sensor, customer payment and other technologies designed to improve parking and traffic management. Serco is also working to integrate many of these new technologies into the existing meter management software to meet the needs of the SF*park* Parking Management Program. When Federal funding for the SF*park* program was delayed by more than one year, the SFMTA Board of Directors extended the SF*park*

agreement with Serco until June 30, 2012. The Board of Supervisors also approved (through ordinance) the extension of the SF*park* pilot programs to June 2012.

Extending this agreement would bring the two contracts back in line so as to provide the evaluation needed to release a well-informed parking meter procurement and support services Request For Proposals (RFP) in 2012, maintain existing services for the current citywide meter program and assist the Agency with the SFMTA Board-mandated expansion of the current Meter program (a minimum of 2,000 additional parking meters) to assist in addressing ongoing budget challenges.

Background of Existing Meter Agreement:

On May 13, 2002, the Board of Supervisors adopted Resolution No. 305-02, which approved a five-year Agreement with Serco Inc. for a Parking Meter Management System. The five-year Agreement, which went into effect June 4, 2002 with a not-to-exceed amount of $50 million has provided the SFMTA with the following services:

- Removal of 23,000 broken mechanical meters throughout the City (excluding the Port of San Francisco), and installation of 23,000 single space and 250 multi-space electronic meters.
- Development and installation of a parking meter software system that allowed for more accurate monitoring of revenue and the ability to better adjust coin collection routes and frequencies.
- Improved coin counting services, including regular interval weighing and counting of various coin denominations (dime, nickel and quarter)
- Established an alternate method of payment for the public using emerging smart card technology.

There have been eight modifications to the original Agreement. Only the fourth, the sixth and the proposed ninth Amendment substantially modified the length, scope and the not-to-exceed amounts of the contract, which required approval of both the SFMTA Board and the Board of Supervisors.

The following timeline provides details on all amendments to the agreement and summarizes the events since the most recent extension of the ongoing meter services agreement, which was done in tandem with the SF*park* Agreement:

DATE	EVENT:
June 3, 2002:	Contract begins.
October 9, 2002:	**First Amendment:** Provided clarification of labor and management fees within the Agreement.
May 25, 2005:	**Second Amendment:** Provided further clarification of labor and management fees, and authorized the Contractor to develop and implement the Smart Card Program.
August 26, 2005:	**Third Amendment:** Modified collection and coin counting rates due to an increase in the number of coins deposited into meters as a result of increased meter rates; allowed for purchase of additional smart cards.
April 17, 2007:	The SFMTA Board approved the **Fourth Amendment**, a three-year extension to June 2010, with an increase in the not-to-exceed amount of $11 million, for a total of $61 million. (Resolution-07-052).
June 4, 2007:	**Fourth Amendment:** The Board of Supervisors approved the amendment passed by the SFMTA Board, but reduced the extension to one-year, and the not-to-exceed amount to $51 million (Resolution-277-07). The SFMTA advised the BOS that the Agency would need to return in one year to request a further extension, due reliance on data from the SF*park* pilots which would not be available until fall of 2009. Data from the pilots would be needed to develop and issue an RFP for procurement of new parking meters with updated technology.
April 15, 2008:	The SFMTA Board approved both a two-year extension to June 30, 2010 and the federally funded SF*park* Agreement with Serco Inc. (Resolution 08-067). Although the SFMTA Board had previously approved the contract extension term to 2010 as part of Resolution 07-052, modifications to the scope of work and the not-to-exceed amount necessitated review and approval of the SFMTA Board.

DATE	EVENT:
June 4, 2008:	**Fifth Amendment**: Extended the agreement to June 30, 2008. This was done in order to allow the Budget Analyst's Office additional time to review the Sixth Amendment.
July 1, 2008:	**Sixth Amendment**: The Board of Supervisors approved the two-year extension (Resolution 288-08), to bring the contract in line with SF*park* Program agreement (Resolution 289-08). The amendment continued existing services; extended the agreement to June 30, 2010, increased the not-to-exceed amount from $50 million to $60.5 million; allowed the SFMTA to procure meters on behalf of the Port of San Francisco (Port); and included coin room software and service enhancements.
January 2009:	SF*park* pilots delayed; authorization from Caltrans to begin to expend funding not granted till June 2009.
September 15, 2009:	The SFMTA Board approves a two-year extension of the SF*park* pilots, to June 2012 (Resolution-09-167).
October 2009:	SFMTA determines it is necessary to request a two-year extension of the existing meter contract to have data for the SF*park* contract that can be used in issuing an RFP, as was done in the previous two extensions.
March 12, 2009:	**Seventh Amendment:** Established the procurement, warranty and service agreements for the Port meters, with Serco acting as the procurement agent.
January 1, 2010:	**Eighth Amendment:** Established a 3 percent reduction on all management fees associated with the contract for the remaining six months of the Agreement, in support of the SFMTA's Vendor Reduction Program
February 2, 2010:	The BOS approves an extension of the pilot programs through ordinance, to June 2012 (Ordinance 35-10), which supports the SFMTA Boards extension to the SF*park* Agreement passed on September 15, 2009.

The proposed Ninth Amendment will be the last for this agreement, as the SFMTA plans to release an RFP in early 2012 to replace all current meters throughout the City, and adjust current coin counting and collections services in lieu of broadening customer payment options. Since no further funding delays are expected, the SFMTA should be able to acquire enough data from the SF*park* pilots to craft an RFP by early 2012 that will allow for parking meter specifications for procurement and assess needed service support levels for customer payments by coin, smart card, and pay-by-cell.

SFMTA's Decision not to Issue an RFP:

At the time the SFMTA Board and the Board of Supervisors approved the Sixth Amendment to the Serco Agreement, the Agency anticipated receiving Federal funds for the SF*park* pilots in spring of 2008. The results of the pilots for the parking management program, which included evaluation of parking meters equipped with the option to pay by credit card and by the SFMTA-issued parking card, were to be used in two ways: 1) to identify parking meter specifications for issuing an RFP for citywide parking meter replacement and 2) to gauge how and if the introduction of the credit card-payment option would alter existing coin counting and collection service requirements.

The updated coin counting and collections data from the pilot programs would give contractors the ability to project and prepare for equipment, collections and counting crew, as well as infrastructure needs to meet the terms of a new citywide service agreement. SFMTA anticipated that the results from the pilots would be available by spring 2009, which would have given the SFMTA time to develop specifications for procurement and coin collections and counting needs, and issue an RFP in fall 2009, and award a new contract for citywide parking meter procurement and coin management services by July 2010.

However, Federal funds were not officially allocated to the SF*park* program until January 2009 and permission to spend funding was not granted by Caltrans until June 2009. As a result of the funding delay, on September 15, 2009, the SFMTA Board granted a two-year extension of the Agreement with Serco for the SF*park* program in order to conduct the pilots and evaluate the results by June 30, 2012 (Resolution 09-0687). The Board of Supervisors subsequently approved an ordinance on February 9, 2010 (35-10) that extended the maximum pilot period for this project to match the June 30, 2012 contract extension expiration date granted by the SFMTA Board.

In the fall of 2008 the SFMTA began preparation for a RFP to be released in fall 2009, with the goal of awarding citywide meter procurement and related coin collections, counting and management services agreement. Unfortunately, the parking meter specifications data needed for procurement was unavailable due to the delay of the SF*park* pilots.

When it became clear in 2009 that the pilots would not begin in time to provide the specifications needed for a procurement contract, the SFMTA began drafting a modified RFP for coin counting collection management services only. However, as a result of smaller pilots conducted during Summer 2009 that yielded anecdotal information regarding payment preferences, it soon became apparent that the broader feedback from the citywide SF*park* pilot programs was still needed to gauge public response to the introduction of alternate methods of payment. Therefore, a coin counting and collections 'only' RFP could not be released with adequate specifications as to service needs.

The SF*park* major pilot projects are currently set to begin in mid-2010, with results and evaluation taking place in 2011. In addition, three small pilots have been completed or are underway, at the California/Steiner Street parking lot, the 400 and 500 blocks of Hayes Street and at the Port of San Francisco. These pilots have yielded promising responses from the public regarding the use of credit cards as a means of parking meter payment, but have also identified technological challenges to existing parking meter technology, including communication stability between meters and supporting enforcement and accounting software (available through the vendor's server), clarity and ease of use of the user interface on the meters (required for additional instruction with regard to credit card payments), add-time features and card reader efficiency.

The SFMTA anticipates that the parking meters chosen for the SF*park* pilot program will have been improved on many of the issues listed above. For example, they will have additional features that will allow payment status on credit card payments to be displayed and verified directly at the parking meter, which will allow for Parking Control Officers enforcement by sight, and lower the dependency of server and website communications for meter enforcement.

In addition, the SFMTA will be testing a pay-by-cell-phone option for the parking meters used in the SF*park* pilots in order to test this customer payment option on a larger scale and gauge potential wireless communications challenges, customer ease of use and ease of enforcement.

In order to ensure that the SFMTA had the best data available needed to procure new meters and properly assess payment options, the SFMTA opted to extend the current agreement for coin counting and collections management services until the results of the SF*park* pilot are available, in order to release an RFP for citywide parking meter procurement and associated services.

Provisions of the Ninth Amendment:

1. Increases the not-to-exceed amount by $16,800,000, from $60,500,000 to $77,300,000; and extends the contract by two years, to June 30, 2012.
2. Reduces the cost of existing services and management fee costs by approximately 3.14 percent for year 9 (FY2011) and approximately 1.12 percent for year 10 (FY2012) of the extension, for an overall reduction in existing costs of 2.12 percent in (Table 3) below.
3. Provides an additional 240 hours of integrated software management support, in anticipation of SF*park* pilots and need to track revenue.
4. Provides Support system computer upgrades.
5. Allows for continued purchase of meter maintenance parts, meter parking cards, and extends warranty and service agreements on recently purchased parking meters for the Port of San Francisco (Table 4).
6. Provides option to assist Meter Shop with installation of at least 2,000 parking meters, upon SFMTA request.
7. Provides option to increase coin counting and collections services to accommodate SF*park* pilots and additional meter installation, upon SFMTA request.
8. Requires Serco to purchase the following:
   a. Barcode scanner hardware for coin box inventory.
   b. Two additional collection vehicles in anticipation of SF*park* meter equipment upgrades and possible additional meter installations.
   c. 30 additional phones for the Meter Shop.
   d. Three "Tough book" laptops and three color printers for the Meter Shop.

Current Contract Revenue and Expenses:

Since the inception of the Serco agreement in 2002, the contract has earned approximately $198 million in parking meter revenue as of FY2009, as shown in Table 1.

TABLE 1 – PARKING METER REVENUE

Fiscal Year	Amount
FY 2002-03	14,203,844
FY 2003-04	24,107,482
FY 2004-05	24,148,426
FY 2005-06	29,687,616
FY 2006-07	30,916,410
FY 2007-08	31,625,512
FY 2008-09	32,269,619
FY2009-2010 at of April 20	31,240,928
	$ 218,199,837

Expenses for the current Agreement, through FY 2010 are provided in detail in Attachment I, and are summarized in Table 2 below:

TABLE 2: CONTRACT EXPENSES THROUGH FY 2010

Fiscal Year	Amount
FY 2002-03	$ 30,854,505 *(includes meter procurement)*
FY 2003-04	$ 2,812,315
FY 2004-05	$ 2,661,890
FY 2005-06	$ 4,525,077
FY 2006-07	$ 4,451,209
FY 2007-08	$ 4,092,381
FY 2008-09	$ 4,206,584
FY2009-2010 (projected)	$ 6,073,175
	$ 59,677,136

Projected Expenses for Proposed Extension:

For ongoing services on the Agreement, the Contractor has reduced costs by 3.14 percent for FY 2011 and reduces costs by 1.12 percent for FY 2012, when compared to the current year's costs. This is shown in Table 3.

TABLE 3 - EXISTING SERVICES PROJECTION

Service	FY2010 Contract Yr 8	FY2010 –2011 Contract Yr 9	Percent +/-	FY 2011 – 2012 Contract Yr 10	Percent +/-
Collection Management Fee	$963,441	$962,836	-0.06%	$983,324	2.02%
Collection Crew Shift Fees	1,951,324	1,834,246	-6.00%	1,870,334	-4.33%
Coin Processing Management Fee	360,821	353,238	-2.10%	356,553	-1.20%
Coin Processing Labor	187,356	166,573	-11.09%	171,389	-9.32%
SFPM System Administration Management Fee	279,608	282,934	1.19%	292,542	4.42%
Port Coin Processing Labor	49,675	42,831	-13.78%	44,144	-12.53%
Port Collection Crew Shift Fees	104,890	104,890	0.00%	105,764	0.83%
Port Wireless/ Wi-Fi Fee	63,258	88,434	39.80%	91,972	31.22%
TOTALS	$3,960,373	$3,835,982	-3.14%	$3,916,022	-1.12%
		diff ($124,391)		diff ($44,351)	

In addition to ongoing service and support costs, costs for maintenance, parts and equipment upgrades, along with reasons for the projected increases, are provided below:

TABLE 4 – MAINTENANCE, PARTS AND EQUIPMENT UPGRADES

Item	Contract Yr 8 (FY 2010)	Contract Year 9 (FY 2011)	Contract Year 10 (FY 2012)
Equipment Maintenance (Meters and Coin Room)	$415,572	$575,000.00	$666,250.00
Parking Meter Card Purchase	$542,981	$700,000.00	$700,000.00
Extended warranties for Port meters	$0	$44,122.50	$64,713.00
TOTAL	**$958,553**	**$1,319,123**	**$1,430,963**
	Increase	*$360,570*	*$472,410*

- Equipment maintenance costs are expected to rise due to aging meters that will require additional parts replacement and upkeep.
- Parking Card revenue has increased from $1.7 million in its first full fiscal year of usage (FY2007) to $4.2 million in FY2009. Sales in FY 2010 as of April 20 have reached $5.1 million. The SFMTA has budgeted funds for the anticipated continued growth of sales of cards. Expenses for procuring the cards (approximately $2/card) are recouped through customer purchase of the cards at face value.
- Existing Port meter warranties currently run through December 2010. The Port has requested extended hardware and software warranties through June 30, 2012, which will cost $925/meter for 111 meters purchased.

Expanded SFMTA parking meter coin counting, collections and management services:

Within two years of the proposed extension, the SFMTA anticipates installing at least 2,000 additional parking meters at various locations throughout the City. These services will require additional coin collections, counting, software and management support as well as an increase of collections days from five to six days per week. In addition to these factors, the agreement allows for the option of providing supplemental labor to assist the Meter Shop in adhering to the aggressive installation schedule required to meet budget demands in FY 2011 and FY 2012. The costs for these services are listed in Table 5 below:

TABLE 5 – EXPANDED PARKING METER PROGRAM

Service	FY 2011 (Year 1 of extension)	FY2012 (Year 2 of extension)
Coin Collections	745,000	760,000
Coin Counting	122,000	125,000
Parking Meter Procurement	1,390,000	1,390,000
Parking Meter Installation	322,000	325,000
TOTAL	**$2,579,000**	**$2,600,000**

Total expenses for the proposed two-year extension are estimated at $75.3 million. The SFMTA Board also approved an additional $2 million as a contingency, should additional parking meters need to be installed.

CITY AND COUNTY OF SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY

NINTH AMENDMENT

THIS AMENDMENT (this "Amendment") is made as of **July 1, 2010**, in San Francisco, California, by and between Serco Inc., formerly known as Serco Management Services Inc. ("Contractor" or "Serco"), and the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency ("City" or "SFMTA").

RECITALS

A. SFMTA and Contractor have entered into the Agreement (as described below).

B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein

NOW, THEREFORE, Contractor and the SFMTA agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

Agreement. The term "Agreement" shall mean the Agreement dated December 14, 2001 between Contractor and SFMTA, as amended by the First Amendment, dated October 9, 2002, the Second Amendment, dated May 25, 2005, the Third Amendment, dated August 26, 2005, the Fourth Amendment, dated June 4, 2007, the Fifth Amendment, effective June 4, 2008; the Sixth Amendment dated July 1, 2008, the Seventh Amendment, dated March 12, 2009, and the Eighth Amendment, dated February 1, 2010.

b. Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is modified as follows:

(a) Section 3 (Term of the Agreement) is amended to read as follows:

The term of this Agreement shall commence on June 4, 2002 and shall end on June 30, 2012, unless sooner terminated.

(b) Section 6.A (1) (Maximum Amount) is amended to read as follows:

(1) **Maximum Amount.** In consideration for Equipment and Work provided under this Agreement and for the rights in the SFPM System, the City shall pay to Contractor an amount not to exceed Seventy-Seven Million, Three Hundred Thousand Dollars ($77,300,000).

(c) Appendix E (Pricing and Payment Schedule), Section I (Pricing) is amended to read as follows:

I. Pricing

1. Contractor shall provide the services described in this Agreement, as noted below, for the prices set out in the following tables.

Product	Quantity	Unit Price	Total Price
MacKay E-Purse	25,000	397.92	9,948,000.00
MKH4500 Case	25,000	158.60	3,965,000.00
Medeco Electromechanical Locks	25,000	136.96	3,424,000.00
Medeco Mechanical Locks with 1,000 keys	25,000	16.04	401,000.00
PDTS - DAP CE 5320 handheld	55	6,090.50	334,977.50
Reino Two Space (w/ 2 battery packs and electronic lock)	0	3,479.77	0
Reino Four Space (w/ 2 battery packs and electronic lock)	0	3,788.40	0
Reino Six Space (w/ 2 battery packs and electronic lock)	125	4,598.10	574,762.25
Reino Eight Space (w/ 2 battery packs and electronic lock)	125	4,944.48	618,060.00
Reino Ten Space (w/ 2 battery packs and electronic lock)	0	4,714.29	0
Reino Accessories and Audit Tools, including 400 locks and keys	1	40,449.00	40,499.00
MacKay E-Purse spares	1,500	385.65	578,475.00
MacKay E-Purse spare batteries	5,000	4.57	22,850.00
PDT spare batteries	25	74.57	1,864.25
Medeco Electromechanical Lock Spares	1,000	132.74	132,740.00
Medeco Mechanical Lock Spares	4,000	15.54	62,160.00
Medeco PDT keycords	165	56.60	9,339.00
Decals	50,000	0.34	17,000.00
Parking Meter Management System (including hardware)	1	1,073,784.00	1,073,784.00
Smart Card Program: Stand-Alone Card System	1	$1,173,863.0	$1,173,863.00

2. Contractor shall provide the services described in this Agreement, as noted below, for the prices set out in the following tables.

Service	Description	Unit Price	Unit Price	Unit Price	Unit Price
Installation Services	Monthly Management fee (8 months)	328,788.63			
	Fit 22,050 single space meter heads (including sleeve)	54.78			
	Install 4,000 new posts (ex double head meters)	111.99			
	Crop 4,282 posts	105.99			
	Straighten 920 posts	104.49			
	Replace 920 posts	264.37			
	Install 110 Reino J Bolt method	2,818.35			
		2,055.51			

Service	Description	Unit Price	Unit Price	Unit Price	Unit Price
	Install 110 Reino Flange Method.				
		07-01-08 to 06-03-09	**07-01-09 to 06-03-10**	**07-01-10 to 06-30-11**	**07-01-11 to 06-30-12**
Collection Services	Monthly management fee	77,.743.02	80,286.76	80,236.34	81,943.64
	Single Space Meter Crew (1 driver and 2 collectors – 4 hour shift)	463.12 per hour	474.30 per hour	445.44 per shift	454.32 per shift
	Multi-space Meter Crew (1 driver and 1 collector – 4 hour shift)	368.25 per hour	375.59 per hour	355.87 per shift	362.06 per shift
Coin Counting Services	Monthly management fee	28,911.75	30,068.42	29,436.46	29,712.75
	Counting Crew – Hourly rate per person	28.44	29.57	26.29	27.05
	Coin Room Spare Parts Allotment	5,000.00	5,000.00	5,000.00	5,000.00
Coin Room Software Services	Coin Room Machine Enhancements	38,472.00	N/A		
	Barcode Enhancements	5092.00	N/A		
	Asset Management Software	1,132.00	N/A		
	Miscellaneous Counting	1,132.00	N/A		
SFPM and Product support	Monthly Management Fee	22,337.62	23,300.65	23,577.87	24,378.48

(d) Appendix E (Pricing and Payment Schedule), Section II (Progress Payment Schedule) is amended to read as follows:

(i) Subsection A.4 (Parking Meter Installation Services) is amended to read as follows.

4. Parking Meter Installation Services

As directed by the SFMTA, Serco shall install and repair parking meters for the prices provided in the following table. The City shall pay the Contractor for installation services on a monthly basis at the rates listed below. The City shall withhold as retention ten percent (10%) of each invoice. When the City formally accepts the installations as complete, as described in Appendix A, section X, the City will remit the retained amount to Contractor.

Service	Quantity Delivered this Period	Quantity Installed to Date	Unit Cost	Total Cost

Service	Quantity Delivered this Period	Quantity Installed to Date	Unit Cost	Total Cost
Meter installation (Monthly fee)			328,788.63	
Installation of new single space meters including sleeve			54.78	
Installation of new post			111.99	
Crop Post			105.99	
Straighten Post			104.49	
Replace Post			264.37	
Reino: J Bolt installation			2,818.35	
Reino: Plate installation			2,055.51	
Total				

Labor Costs	07-01-08 thru 06-30-09	07-01-09 thru 06-03-10	07-01-10 to 06-30-11	07-01-11 to 06-30-12
Product Support Technician Hourly Rate	43.12	44.87	41.60	42.85
Hourly SIT Support Rate			176.23	179.74
Hourly IT Consultant			152.93	155.99
Data Input Hourly Services			25.21	25.96
Weekly Street Survey Crew			4,377.85	4,482.80
Weekly Meter Installation Crew			7,453.92	7,611.34
Weekly Meter Removal Crew			7,677.92	7,835.35
Weekly Meter Activation Crew			2,524.20	2,576.67
Weekly Meter Acceptance Testing Crew			4,338.35	4,443.30
Weekly Meter Greeter			1,616.41	1,653.14

(ii) Subsection B.5 (Related Equipment) is amended to read as follows:

5 Related Equipment

If directed by the City, Contractor shall purchase or otherwise provide additional equipment, related software, and warranty or maintenance service contracts necessary to perform the services under this Agreement. Contractor shall seek no fewer than three bids for such equipment and services, and shall consult with the City prior to purchasing from a vendor that is not the lowest bidder. The City will reimburse the Contractor for the direct costs of the equipment and any related software or warranty service contracts. Contractor shall not charge the SFMTA more than the percentage rates indicated below for handling and other charges. The SFMTA shall pay Contractor an administrative fee for its procurement of Equipment that is authorized by SFMTA, calculated as a percentage of the cost of the Equipment. Contractor shall not divide a single procurement into multiples or issue multiple purchase orders in order to qualify for a higher percentage compensation. Contractor's procurement compensation shall be calculated as a percentage of the total costs of all Equipment procured from a single source, manufacturer or vendor, regardless of the number of purchase orders issued. The administrative fee shall be calculated as follows:

Procurement Burden	
Single subcontractor, single order (One of multiple line items)	**Percentage**
$0 to $499,999.99	6%
$500,000 to 749,999.99	5.5%
$750,000 and higher	5%

Contractor shall attach the invoices for the equipment to its reimbursement request.

6. ***Subsection B.13 (San Francisco Parking Technology Procurement, Installation, Port Coin Collection and Coin Counting Services) is modified to read as follows:***

13. San Francisco Parking Technology Procurement, Installation, Coin Collection and Coin Counting Services

a. Meter Procurement and Installation

Contractor shall, upon written request of the SFMTA, serve as a contractor/purchasing agent for the SFMTA. Contractor shall provide with a project schedule within 30 days of the SFMTA notice to proceed covering meter procurement and installation activities.

SFMTA will provide the standards, specifications and terms and conditions for each subcontractor contract, as well as standards, specifications, quantities and delivery dates for procurement of required equipment and spare parts procurement, including multi-space parking meters and related services. Contractor shall request bids from at least three qualified subcontractors for each subcontract for parking related equipment and services for multi-space parking meters and services including but not limited to training, technical electronic repairs and other services as directed by the SFMTA.

Contractor shall receive all materials purchased for use under this task, inspect them for compliance with the procurement specifications, and transfer them to the SFMTA. SFMTA will provide warehouse space for the storage of equipment and parts ordered under this task. Contractor shall not be responsible for storage or warehousing. Contractor shall return materials received that do not comply with City specifications and requirements at no cost to the City.

Contractor shall provide project management and technical oversight for all subcontractors. Contractor shall also solicit discount agreements with subcontractors wherever available and as requested by SFMTA. Contractor shall ensure that each subcontractor performs to the standards and specifications stated in the subcontract and this Agreement.

Contractor shall perform this service utilizing its current staff. Should the number or volume of the procurements exceed existing staff capability, Contractor shall notify the SFMTA of the need for additional staffing, and shall negotiate supplemental staffing costs with the SFMTA using the labor rates quoted in the price section below. All labor rates shall include overhead and fringe/benefits costs.

b. *SF Port Coin Collection*:

Within 30 days of Contractor's receipt written notice from the SFMTA, Contractor shall provide a collection crew and a collection vehicle to collect coins from the Port of San Francisco multi-space parking meters ("Port Meters"). The Port Meters collection team shall comply with the current collection procedures as referenced in *Agreement Appendix: Multi-Space Collection Procedures*. Port Collection reports shall be identified in the San Francisco Parking Meter Management System (SFPMMS) by route number.

The Port Meters collection team shall consist of one (1) crew shift, comprised of a crew leader and a collector, in accordance with *Agreement Appendix A Clause XII Collection Services*. Contractor shall collect monies from Port Meters Monday through Friday and on the five City Holidays defined in Agreement. The crew shall provide a documented cash box swap at the meter, but no electronic audit services. Contractor shall collect and process monies from Port Meters separately from SFMTA monies.

Unless otherwise directed by the SFMTA, Contractor shall not be responsible for installation of Port Meters. SFMTA will be responsible for maintenance of Port Meters. SFMTA and the Port shall determine the collection schedule and frequency. Contractor shall proceed with the collection schedule upon approval by the Port. Collection coverage for Port Meters will not exceed 1,000 parking spaces supported by 125-150 multi-space meters. The Contractor, SF Port and SFMTA shall review the actual collections services required after the first six months of the contract to determine whether the level of services should be adjusted based on the frequency with which the meters' coin boxes become full. Should any changes in collection services for the SF Port's multi-space parking meters be needed, Contractor shall negotiate terms for the additional and/or reduced collection crews with SFMTA and the Port.

c. *SF Port Coin Counting*:

Upon receiving 30 days written notice from the SFMTA and the Port, Contractor shall count, verify and reconcile the monies collected from Port Meters and shall keep these monies segregated from the SFMTA collections. Contractor shall provide a dedicated counting room staff consisting of three (3) fully trained Coin Counters. The Port counting room shall comply with the current coin counting procedures (See Appendix: Multi-Space Coin Counting Procedures) used for SFMTA parking meters and monies. Port Meter Counting reports shall be identified in the SFPMMS by route and individual meter identification numbers (Location ID). The Port and SFMTA will have sole responsibility for reconciliation of Smart Card revenues.

Contractor shall reconcile all coin transactions. Monies collected shall be transported by a secure armored collection service. The Port shall provide deposit slips for use by Contractor. Contractor shall utilize the same equipment and current counting procedures established for this task for SFMTA monies. Contractor shall bill SFMTA for labor charges based only on actual hours reflected on employee time sheets.

The Contractor, SF Port and SFMTA shall review the actual counting services required after the first six months of the contract to determine whether the level of services should be adjusted based on the frequency with which the meters' coin boxes become full and therefore require changes in the frequency of collection and counting services. Should any changes in collection services for the SF Port's multi-space parking meters be needed, Contractor shall negotiate terms for the additional and/or reduced crew with SFMTA and the SF Port at the hourly rates established below.

Should the counting volume exceed the counting capacity described herein established in Coin Collection for the Port, Contractor shall, with written approval of the SFMTA and the Port, increase the number counting room staff at the hourly rates set out established below. Should SFPMMS enhancements be needed to allow credit card reporting, Contractor shall notify SFMTA and implement enhancements with SFMTA approval.

PRICING

Service	06-04-08 thru 06-03-09	06-04-09 thru 06-03-10	07/01/10 thru 06/30/11	07/01/10 thru 06/30/11
Collection Crew Shift Rate	388.65	408.63	394.94	400.62
Counting Labor Crew: Hourly Rate (per person)	95.42	98.60	27.04	27.85

3. Exhibit 1 to Appendix G (Warranty and Service Agreement) of Agreement is amended as follows:

a. Article III, Section A (Hardware Warranty Provisions) is amended by amending subsection 1 of Section A to read as follows:

1. When used in accordance with the manufacturer's recommendations, Parkeon warrants that the Pay Stations, including batteries, shall be free from defects in workmanship and materials through June 30, 2012.

b. Article III, Section B (Software Warranty Provisions) is amended to read as follows:

B. Software Warranty Provisions. All Parkfolio software required to operate the Pay Stations shall be warranted to be free from defects and shall function as represented in the "Proposal to Serco to Provide Pay-By-Space Meters to the Port of San Francisco" from Parkeon dated August 13, 2008, through June 30, 2012.

4. Effective Date. Each of the modifications set forth in Section 2 shall be effective as of July 1, 2010.

5. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY
San Francisco Municipal Transportation Agency

Nathaniel P. Ford Sr.
Executive Director/CEO

CONTRACTOR

SERCO INC.

Barry Lieberman
Sr. Principal Contract Administrator

City vendor number: 7390801

Approved as to Form:

Dennis J. Herrera
City Attorney

By: _____
Robin M. Reitzes
Deputy City Attorney

SFMTA Board of Directors

Resolution No. _____
Dated: _____

_____
Secretary, SFMTA Board

Board of Supervisors

Resolution No. _____
Dated: _____

_____
Clerk of the Board

Amendment No. 1 to

Warranty and Services Agreement

In Support of Procurement of Parking Meters by the SFMTA

This Amendment No. 1 to the Warranty and Services Agreement ("WSA") is made and effective as of July 1, 2010 by and between: Parkeon Inc., a corporation organized and existing under the laws of the State of Delaware ("Parkeon" or "Vendor"), Serco Inc., formerly known as Serco Management Services ("Serco" or "Contractor"), and the City and County of San Francisco ("City"), a municipal corporation, by and through its Municipal Transportation Agency ("SFMTA") (collectively, the "Parties").

Recitals

A. The WSA was entered into or or about March 12, 2009 among the City, Serco and Parkeon to establish hardware and software warranty provisions relating to the procurement of Pay Stations for the Port of San Francisco. As part of the Seventh Amendment to the Agreement between the City and Serco ("Agreement"), dated December 14, 2001, the WSA was attached as to Exhibit 1 to Appendix G of the Agreement. The WSA was designed to be a stand-alone agreement between the Parties.

B. The City and Serco have negotiated a Ninth Amendment to the Agreement, to extend the Agreement until June 30, 2012.

C. Subject to approval of the Ninth Amendment, the City, Serco and Parkeon wish to extend the hardware and software warranties on the Pay Stations through June 30, 2012.

NOW, THEREFORE, the Parties agree as follows:

1. The Definitions section of the WSA is amended by amending Paragraph D to read as follows:

D. **"Level II"** shall mean those service functions performed by Serco or its designee at a local service level, accessed only when Level I service has not been sufficient to solve the occurrence requiring servicing.

2. Article III, Section A (Hardware Warranty Provisions) is amended by amending subsection 1 of Section A to read as follows:

1. When used in accordance with the manufacturer's recommendations, Parkeon warrants that the Pay Stations, including batteries, shall be free from defects in workmanship and materials through June 30, 2012.

3. Article III, Section A (Harware Warranty provisions is amended by amending subsection 3 of Section A to read as follows:

3. Except as otherwise provided herein, all Level I and Level II materials necessary to repair or replace items under warranty is included in this warranty.

4. Article III, Section B (Software Warranty Provisions) is amended to read as follows:

B. **Software Warranty Provisions.** All Parkfolio software required to operate the Pay Stations shall be warranted through June 30, 2012 to be free from defects and shall function as represented in the "Proposal for City of San Francisco/Serco -- User Interface Changes & Enforcement at the Meter," dated November 17, 2009.

5. **Article III, Section C.2 (Serco/SFMTA Responsibilities) is amended by amending subsection k thereof to read as follows:**

k. SFMTA will provide all information required to open a support request with Parkeon Level III Service and make themselves available to work with the Parkeon support resource assigned to the support request.

6. **Article III, Section C.3 (Parkeon Responsibilities) is amended to read as follows:**

3. **Parkeon Responsibilities** – Parkeon or its authorized trained representative shall be responsible for Level III engineering support for all Pay Stations purchased by the City through the Agreement. Level III service is intended to provide additional technical Pay Station assistance to reinforce and support SFMTA during the warranty period.

7. **Article III, Section D.1 (SERCO/SFMTA Responsibilities) is amended by amending subsection f thereof to read as follows:**

f. Serco/SFMTA will provide all information required to open a support request with Parkeon Level III Parkfolio support and make themselves available to work with the Parkeon support resource assigned to the support request.

8. **Article III, Section D.2 (Parkeon Responsibilities) is amended by amending Section 2 and subsection a. to read as follows:**

2. **Parkeon Responsibilities** – Parkeon shall be responsible for Level III remote escalation service for Parkfolio issues.

   a. Parkeon shall maintain a trained staff for a full service Level III Parkfolio support operation, to assist Serco/SFMTA once they have attempted the full range of Level I diagnosis and repair activities. This staff may include Parkeon-trained subcontractors, including those local to client for optimal responsiveness.

9. **Article IV (Compensation) is amended to read as follows:**

In consideration for the services provided by Parkeon, Serco shall charge SFMTA the amounts set forth in Exhibit 3.

10. **Article V (Service Coverage) is amended to read as follows:**

Article V. **SERVICE COVERAGE** – Serco shall provide service according to the following schedule.

SERVICE	Hours of Coverage	Access to Level II Service.
Level II Technical Service	5:00am-5:00pm Monday through Friday PT	*enes.ceric@serco-na.com* *1-415-318-8860*
Emergency Support	8 a.m. to 5 p.m. PT on Saturdays. (There is no emergency support available on Sundays and public holidays.)	*Telephone number to be provided*

11. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective as of July 1, 2010.

12. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

MUNICIPAL TRANSPORTATION AGENCY

_____
Nathaniel P. Ford Sr.
Executive Director/CEO

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Robin M. Reitzes
Deputy City Attorney

CONTRACTOR

SERCO INC.

By Barry Lieberman
Barry Lieberman
Sr. Principal Contract Administrator

VENDOR

PARKEON

By _____
Ian Newberg
President

Frank Menesse
Christopher Perry

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 10-067

WHEREAS, On May 13, 2002, the Board of Supervisors adopted Resolution No. 305-02, which approved a five-year Agreement with Serco Management Services ("Serco"), now known as Serco Inc., for a Parking Meter Management System; and,

WHEREAS, There have been eight modifications to the original Agreement;, Amendments One, Two, Five, Seven and Eight were approved by the Executive Director/CEO under his contract authority, and Amendments Four and Six received SFMTA Board and Board of Supervisors approval; and;

WHEREAS, Amendment Six extended the Agreement to June 30, 2012 and raised the not-to-exceed amount to $61 million, in support of both ongoing services and the SF*park* program; and,

WHEREAS, The SF*park* pilots will provide needed specifications for new parking meter procurement, new options for customer payment, and evaluate the effect of new payment options on existing coin counting and collections needs; and,

WHEREAS, The SFMTA Board granted an extension to the SF*park* pilots timeline to June 30, 2012, due to a significant delay in Federal funding needed to support the program; and

WHEREAS, The Board of Supervisors also approved an ordinance extending the pilot term for two years beyond the usual two-year pilot term maximum, to June 30, 2012; and

WHEREAS, The SFMTA plans to install at least an additional 2,000 meters in addition to the SF*park* pilots in order to assist with growing budgetary demands; and

WHEREAS, The proposed Ninth Amendment will continue ongoing parking meter coin collections, counting and software management services for the SFMTA and the Port of San Francisco, and allow for needed software, equipment and vehicle upgrades; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to execute the Ninth Amendment with Serco, Inc. for Meter Coin Collection, Counting and Management Services, to extend the current agreement by two years, to June 30, 2012, and increase the contract by $16,800,000, for a total contract amount not to exceed $77,300,000; and, be it further

RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve the Ninth Amendment.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of MAY 0 4 2010.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency