

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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July 16, 2021

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: July 23, 2021 Special Government Audit and Oversight Committee Meeting

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Item 4 File 21-0714	Department: Municipal Transportation Agency (MTA)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a parking meter procurement and support services contract between San Francisco Municipal Transportation Agency (SFMTA) and MacKay Meters, Inc. (MacKay), for a term of five years, from approximately August 2021 through July 2026, with an option to extend five years through July 2031, and an amount not to exceed \$70,557,894. <p>Key Points</p> <ul style="list-style-type: none"> • The SFMTA Parking Meter Program manages 26,000 metered spaces between on-street parking and parking lots for SFMTA and the Port of San Francisco (Port). The existing meters are out of warranty and reaching the end of their useful lives. • In 2020, SFMTA issued a Request for Proposals (RFP) for procurement of single and multi-space smart parking meter hardware and an associated software management system. MacKay was determined to be the highest scoring responsive and responsible proposer for both single and multi-space meters and was awarded a contract. • Under the proposed contract, SFMTA would purchase 12,100 single-space and 2,365 multi-space meters. The new meters would be purchased between approximately January 2022 and June 2024, and installation would occur between approximately January 2022 and June 2025. The meters would be compatible with 4G and 5G communication networks. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The not-to-exceed amount of the proposed contract is \$70,557,894 over the total ten-year term. Of this amount, approximately \$67,729,221 would be funded by the SFMTA's Capital and Operating Budgets, and approximately \$2,828,673 would be funded by the Port's Capital and Operating Budgets. • The projected meter revenues over the ten-year total contract term are approximately \$621,768,449. After subtracting contract costs, the net revenue to the City would be approximately \$551,210,554. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Municipal Transportation Agency (SFMTA) Parking Meter Program manages 26,000 metered spaces between on-street parking and parking lots for SFMTA and the Port of San Francisco (Port). In 2014, SFMTA procured and installed credit card enabled smart parking meters (single and multi-space) citywide. The meters use 3G telecommunication technology and are nearing the end of their useful lives. Support for 3G networks will end in December 2022. The meter equipment is also out of warranty, so costs for new parts will likely be higher than what the Agency is now paying. While the existing meters would still be able to accept coin payments without cellular technology that is necessary for card payments and demand-responsive pricing, the SFMTA's *SFpark* Program requires cellular technology for demand-responsive pricing.

In 2020, SFMTA issued a Request for Proposals (RFP) for procurement of single and multi-space smart parking meter hardware and an associated software management system. SFMTA received four responses each for single and multi-space meters and an evaluation panel reviewed and scored them, as shown in Table 1 below.¹

Table 1: Responses and Scores from RFP

Single-Space Meters		
Proposer	Model	Score (out of 1,700)
MacKay Meters, Inc.	mkBeacon	1,598.98
IPS Group, Inc.	M5 Color Option 2	1,556.70
IPS Group, Inc.	M5 Color Option 1	1,548.93
IPS Group, Inc.	M5	1,546.00
Multi-Space Meters		
Proposer	Model	Score (out of 1,700)
MacKay Meters, Inc.	Tango	1,618.20
IPS Group, Inc.	MSR	1,539.38
IPS Group, Inc.	MS3	1,502.38
Parkeon, Inc. dba FLOWBIRD	CWT	1,420.73

¹ The evaluation panel consisted of an SFMTA Principal Administrative Analyst, an SFMTA Manager III, an SFMTA Parking Meter Repairer, an SFMTA Parking and Curb Management Policy Manager, a Port Senior Property Manager, and a Metropolitan Transportation Commission (MTC) Principal Planner/Analyst.

MacKay Meters, Inc. (MacKay) was determined to be the highest scoring responsive and responsible proposer for both single and multi-space meters and was awarded a contract. In June 2021, the SFMTA Board approved a contract with MacKay.²

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new parking meter procurement and support contract between SFMTA and MacKay for a term of five years, from approximately August 2021 through July 2026, with one five-year option to extend through July 2031, and an amount not to exceed \$70,557,894.

Under the proposed contract, SFMTA would purchase 12,100 single-space and 2,365 multi-space meters. Each hardware type would cover approximately 50 percent of metered spaces in the City. The proposed contract would also include access to the meter management system, credit and debit card processing, product support, and a five-year warranty with the option to extend for five additional years.

According to Mr. Alexiy Sukhenko, SFMTA Principal Administrative Analyst, the new meters will be purchased between approximately January 2022 and June 2024. Installation will occur between approximately January 2022 and June 2025. The meters will use cellular modems capable of both 4G and 5G network communication.

FISCAL IMPACT

The not-to-exceed amount of the proposed contract is \$70,557,894 over the total ten-year term. Of this amount, approximately \$67,729,221 would be funded by the SFMTA's Capital and Operating Budgets, and approximately \$2,828,673 would be funded by the Port's Capital and Operating Budgets. The sources and uses of funds are shown in Table 2 below.

² According to the staff report to the June 15, 2021 SFMTA Board of Directors meeting, the IPS Group submitted a protest against awarding a contract to MacKay asserting a violation of San Francisco Administrative Code Chapter 12X regulation on the basis that MacKay has its U.S. headquarters in Florida, which is on the City Administrator's Covered State List. Based on evaluation of 12X compliance submitted by MacKay as part of the RFP process and further clarifications provided by MacKay, SFMTA concluded that MacKay's headquarters are located in Nova Scotia, Canada and not in Florida and is therefore not subject to the 12X regulation. The Office of Contract Administration (OCA), in consultation with the City Attorney's Office, has confirmed this determination, concluding that MacKay has no employees at its Florida location and therefore does not have a "nerve center" in the U.S. where business decisions are made.

Table 2: Sources and Uses of Funds

Sources	Initial Term (5 Years)	Extension Term (5 Years)	Total Term (10 Years)
SFMTA Capital Budget	\$21,863,533	-	\$21,863,533
SFMTA Operating Budget	16,447,862	26,192,625	42,640,487
SFMTA Contingency (5%)	1,915,570	1,309,631	3,225,201
<i>SFMTA Subtotal</i>	<i>\$40,226,965</i>	<i>\$27,502,256</i>	<i>\$67,729,221</i>
Port Capital Budget	934,258	-	934,258
Port Operating Budget	682,168	1,077,548	1,759,716
Port Contingency (5%)	80,821	53,877	134,699
<i>Port Subtotal</i>	<i>\$1,697,247</i>	<i>\$1,131,425</i>	<i>\$2,828,672</i>
Total Sources	\$41,924,212	\$28,633,681	\$70,557,894

Uses	Initial Term (5 Years)	Extension Term (5 Years)	Total Term (10 Years)
SFMTA Multi-Space Hardware	\$12,091,145	-	\$12,091,145
SFMTA Single-Space Hardware	7,972,388	-	7,972,388
SFMTA Warehouse, Staging, QA, & Installation Support	1,800,000	-	1,800,000
SFMTA Multi-Space Maintenance & Operations	8,061,930	9,699,900	17,761,830
SFMTA Single-Space Maintenance & Operations	8,385,932	11,379,155	19,765,087
SFMTA Hardware Purchase (Extension)	-	564,546	564,546
SFMTA Extended Warranty	-	4,549,025	4,549,025
SFMTA Contingency (5%)	1,915,570	1,309,631	3,225,201
<i>SFMTA Subtotal</i>	<i>\$40,226,965</i>	<i>\$27,502,257</i>	<i>\$67,729,221</i>
Port Multi-Space Hardware	906,836	-	906,836
Port Warehouse, Staging, QA, & Installation Support	27,422	-	27,422
Port Multi-Space Maintenance & Operations	682,168	897,191	1,579,359
Port Extended Warranty	-	180,358	180,358
Port Contingency (5%)	80,821	53,877	134,699
<i>Port Subtotal</i>	<i>\$1,697,247</i>	<i>\$1,131,426</i>	<i>\$2,828,673</i>
Total Uses	\$41,924,212	\$28,633,683	\$70,557,895

**Totals may not add due to rounding*

According to Mr. Sukhenko, the projected meter revenues over the ten-year total contract term are approximately \$621,768,449. After subtracting contract costs, the net revenue to the City would be approximately \$551,210,554.

RECOMMENDATION

Approve the proposed resolution.