

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper
Hans F. Larsen
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: January 13, 2014

Approved

Date

1/20/14

COUNCIL DISTRICT: 3

**SUBJECT: AGREEMENT WITH IPS GROUP INC. FOR THE PURCHASE OF
SINGLE SPACE SMART METERS, PARKING SENSORS, AND DATA
MANAGEMENT SYSTEM**

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager to:
- (1) Negotiate and execute a one-year agreement with IPS Group, Inc. (San Diego, CA) for the purchase of 1,200 single-space parking "Smart Meters", parking occupancy sensors, installation services, a hosted Web based application for system administration and applicable sales tax for a not-to-exceed amount of \$1,294,700; and
 - (2) Negotiate and execute amendments and change orders to the agreement to purchase additional Smart Meters as required, maintenance and support, payment processing, and a hosted Web based application for system administration; and to add, delete or relocate Smart Meters as required, subject to the appropriation of funds; and
 - (3) Execute up to nine additional one-year options to extend the term of the agreement for on-going hosting services, system administration, payment processing, and maintenance and support, subject to the annual appropriation of funds.
- (b) Adopt the following Appropriation Ordinance amendments in the General Purpose Parking Fund:
- (1) Increase the appropriation to the Department of Transportation for the Revenue Control and Meter Upgrades Project by \$250,000; and
 - (2) Decrease the appropriation to the Department of Transportation for the Minor Parking Facility Improvements by \$250,000.

OUTCOME

Replace approximately 1,200 existing coin operated on-street parking meters in the Downtown Core with solar powered Smart Meters that accept credit/debit cards and coins and the installation of 1,200 parking sensors that transmit parking occupancy information about each metered space.

BACKGROUND

Existing Meter Technology in the City of San José

There are over 2,500 on-street metered parking spaces located within the City, of which the majority are controlled by single-space coin operated meters. The current single-space meters cannot accept credit cards and have virtually no reporting capabilities. Additionally, the current meters are powered by a standard 9-volt battery that requires semi-annual replacement, involving the purchase and disposal of nearly 5,000 batteries annually.

Smart Meter Pilot

Staff reviewed various on-street parking meter technology options between July and December 2012, with a goal of upgrading approximately 1,200 meters in the Downtown Core, generally bounded by Highway 87, St. James Street, Fourth Street, and San Salvador Street, to provide additional customer conveniences such as additional payment options versus the current coin-only meters. Given the ability to integrate with existing meter poles/housings, responses from benchmark cities, customer convenience, and ease of enforcement, staff conducted a pilot of the single-space Smart Meters and occupancy sensors between February and August 2013.

The pilot area included 61 metered spaces on Park Avenue and Market Street around Cesar Chavez Park, with 20 of the spaces augmented with sensors that tracked occupancy in real time. The pilot allowed staff to study the benefits of the new meter and sensor technology while simultaneously providing parking patrons the opportunity to interact with the Smart Meters.

Smart Meter Benefits

During the pilot, staff reviewed and analyzed meter operations and available data, with particular attention paid to customer conveniences and operational benefits for the City.

From a customer convenience perspective, the Smart Meters and sensors will allow the City to meet customer desires for a reliable and easy to use meter that accepts credit/debit cards. Based on a survey of 92 users of the Smart Meters during the pilot, an overwhelming majority were satisfied or very satisfied with the meters, supported their installation and 81% of customers rated the meters easy to use. Additional features of the Smart Meters that will benefit customers include: a pre-payment feature to allow customers to pay for their parking before meter operating hours commence, a clear and easy to read back-lit meter display that can be programmed to display "FREE PARKING" on Sundays and City holidays to supplement posted signs, and capability for future integration with mobile payment

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technologies to allow customers to pay or increase their meter time by using their cell phone and receive alerts before the meter expires.

In addition to the customer conveniences, operational benefits of Smart Meters and sensors include a highly reliable parking meter system that provides detailed revenue, occupancy, maintenance, collections and auditing reports at a level unavailable with the City's current meter technology. The pilot highlighted the benefits of features such as alerts of meter malfunctions and the access to real-time revenue and occupancy data via the online management system, as well as the meter reset feature.

ANALYSIS

In June 2013, the City of San Rafael issued a competitive Request for Proposal (RFP) for 1,000 parking Smart Meters, Sensors and Data Management System with specifications and requirements similar to San Jose's. They received four proposals (Duncan Parking Technologies, Mackay Meters Inc., POM Inc. and IPS Group Inc.) and followed a "best value" evaluation process where the selection was based on a variety of weighted criteria including cost and capability. The evaluation team recommended IPS Group, Inc for award of contract.

On November 18, 2013, the San Rafael City Council approved an award of contract to IPS Group, Inc. for the purchase of 1,000 Smart Meters, sensors, and Data Management System.

San Rafael's RFP included a "cooperative" provision that required the selected Contractor to extend identical prices and services under the same terms and conditions to all public agencies. In addition, Department of Transportation further benchmarked other recent IPS Smart Meter contract awards with Berkeley, Santa Rosa and Walnut Creek and all of the prices were comparable to San Rafael's. As a result of this analysis, Staff concluded that San Rafael's contract pricing is a favorable pricing structure for the City of San José.

Section 4.12.225 (B.3) of the San José Municipal Code authorizes the City to contract for equipment and services directly with vendors on terms obtained pursuant to competitive procurement process engaged in by other public entities which substantially complies with the City's procurement procedures and names the City of San José either specifically or categorically as a third party beneficiary of the bidding process.

It is anticipated that the ongoing operating costs for the Smart Meters will be approximately \$70,400 in 2013-2014 and \$250,000 annually. The operating costs for 2013-2014 will be funded through year-end savings anticipated in the Department of Transportation Non-Personal/Equipment appropriation in the General Purpose Parking Fund. The additional revenue generated from the implementation of Smart Meters may be sufficient to fund the ongoing annual operating costs of the Smart Meters.

As described in the Fiscal Impact section, a meter rate increase will be proposed during the 2014-2015 budget process and is estimated to provide additional revenue to recover the capital costs, provide funding for other Smart Meter functions, and meet other parking needs.

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Recommendation: Staff recommends leveraging the City of San Rafael's competitive process where the City will receive the same unit pricing as San Rafael's and executing an agreement with IPS Group, Inc. for replacement of 1,200 existing coin-operated on-street parking meters in the Downtown Core interior with solar powered Smart Meters accepting credit/debit cards and coins.

Summary of Agreement: The agreement with IPS Group, Inc. will include the purchase of 1,200 single space Smart Meters with sensors, to be installed at various locations as described above, and related system hosting, credit card processing and professional services. In addition, this agreement includes Payment Card Industry (PCI) compliance requirements. The initial term of the Agreement is one year and provides for up to nine additional one-year options to extend the agreement for on-going hosting and support services for a total of ten years through January 31, 2024. The pricing is fixed for the first five-years (initial term through fourth option year) and for the renewal terms after five years, any compensation and pricing adjustments will be based on the Consumer Price Index (CPI) for the San Francisco/San Jose Bay Area, but shall not exceed 3% annually.

EVALUATION/FOLLOW-UP

The Department of Transportation will provide updates to the Downtown Parking Board at the February and May 2014 meetings regarding implementation of the Smart Meters.

POLICY ALTERNATIVES

Alternative #1: Conduct a Request for Proposal (RFP) process

Pros: Through a RFP process, the City would be able to directly solicit competitive responses.

Cons: It would take approximately six months and considerable staff time for the City to develop and bid its own RFP.

Reason for not recommending: Staff analyzed the RFP conducted by the City of San Rafael and determined that their requirements in size and scope were almost identical to the City's, and the timing of their RFP was very recent having been approved by the San Rafael City Council in November 2013. Therefore, staff sees no benefit in conducting its own process.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City’s website for the February 4, 2014 City Council agenda. The Downtown Parking Board approved the Smart Meter installation plan outlined in this memorandum at their meeting on October 2, 2013.

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office.

FISCAL/POLICY ALIGNMENT

This action is consistent with the following General Budget Principle “We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost” and the Strategic Initiative “Make San Jose a Tech-Savvy City; lead the way in using technology to improve daily life.”

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF CAPITAL RECOMMENDATION/CONTRACT:

<u>Description</u>	<u>Cost</u>
Agreement (initial 12 month period)	\$1,294,700

2. COST ELEMENTS OF OPERATING AGREEMENT/CONTRACT:

<u>Description</u>	<u>Qty</u>	<u>Cost</u>
• Hardware		
- Smart Meter	1,200	\$570,000
- Parking Occupancy Sensor	1,200	330,000
- Spare Meter (Initial Inventory 10% of Total)	120	57,000
- Spare Battery (Initial Inventory 10% of	120	3,600
Total)		
- Sales Tax		\$84,100
Hardware Subtotal		\$1,044,700
• On-going Services		
- Wireless Gateway Fee		\$54,000
- Meter Management Fee		28,800
- Sensor Management Fee		50,400
- Credit Card Transaction Fee (Estimated)		116,800
Services Subtotal		\$250,000

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3. SOURCE OF FUNDING: General Purpose Parking Fund (Fund 533)
4. FISCAL IMPACT: Operating costs from March to June 2014 are estimated at \$70,400 and will be funded through savings in the Non-Personal/Equipment budget of the General Purpose Parking Fund 533. On-going annual operating costs are estimated at \$250,000 and will be funded as part of the 2014-15 Proposed Operating Budget process.

The Smart Meters and sensors are expected to be installed by the end of March 2014. After ensuring that the meters are installed and fully functioning, staff intends to bring forward a recommendation to increase the meter rate at locations upgraded with the newer technology meters as part of the 2014-2015 annual budget process. The meter rate increase would enable the Parking Fund to recover the \$1,044,700 capital cost of the Smart Meters and meet other parking needs. It is anticipated that a meter rate increase would also enable staff to roll out a mobile payment option and explore mobile apps for real-time occupancy and directions to the Smart Meters.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Current Appn.	Recommended Budget Action	2013-2014 Adopted Operating/Capital Budget Page	Last Budget Action (Date, Ord. No.)
533	6386	Revenue Control and Meter Upgrades	\$900,000	\$250,000	V – 752	(06/18/2013, Ord. No. 29271)
533	5992	Minor Parking Facility Improvements	\$500,000	(\$250,000)	V – 751	(06/18/2013, Ord. No. 29271)
533	0512	DOT Non-Personal /Equipment	\$4,742,483		VII – 303	(06/18/2013, Ord. No. 29271)
Total Funding			\$6,142,483	\$0		

CEQA

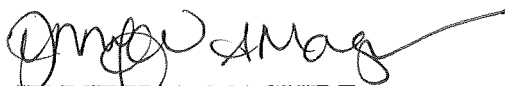
Not a project, File No. PP10-066(a) Agreements and Contracts.

/s/

JULIA H. COOPER
Director of Finance

/s/

HANS F. LARSEN
Director of Transportation



JENNIFER A. MAGUIRE
Deputy City Manager

For questions please contact Mark Giovannetti, Purchasing Division Manager at 408-535-7052 or Joe Garcia, DOT Division Manager at 408-535-3833.