



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: March 25, 2021

Approved

Date

3/25/2021

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR PARKING CITATION
MANAGEMENT AND PERMIT MANAGEMENT SYSTEMS (INCLUDING
SUBSYSTEMS) AND PROCESSING SERVICES**

RECOMMENDATION

Accept the report on the Request for Proposal and adopt a resolution authorizing the City Manager to:

1. Execute an agreement with Turbo Data Systems, Inc. (Tustin, CA) for the purchase and deployment of Parking Citation Management and Permit Management Systems (including Subsystems) and Processing Services, including associated licenses and subscriptions, handheld units for citation issuance, vehicle-mounted Automated License Plate Recognition (ALPR)¹ equipment, staffing of a customer service walk-in center in downtown San José, and related professional services for project management, implementation, training, maintenance, and support for an initial one (1) year term beginning July 1, 2021 and ending June 30, 2022 with a maximum compensation not to exceed \$1,385,730, subject to the appropriation of funds; and
2. Negotiate and execute amendments and change orders as required for any unanticipated changes for a contingency amount not to exceed \$100,000 during the initial one (1) year term, subject to the appropriation of funds; and
3. Exercise up to nine (9) one-year options to extend the term of the agreement through June 30, 2031 for ongoing software subscriptions, support, maintenance, and related professional services, subject to the appropriation of funds.

¹ ALPR Policy for Parking Operations: <https://records.sanjoseca.gov/Resolutions/RES78846.pdf>

OUTCOME

To ensure continuation of operations related to parking compliance services, including parking enforcement, citation issuance, revenue collection, and a customer service walk-in center for the public, using newer technologies and software applications to digitally transform the services and enhance productivity, profitability, and sustainability.

BACKGROUND

The City's Department of Transportation (DOT) currently manages citation activities, such as appeals, administrative reviews, administrative hearings, and payment processing, through a basic online portal, a vendor-run walk-in Office of Parking Violations, and mail. Most functions related to administrative reviews, second-level administrative hearings, and appeals are only handled at the Office of Parking Violations or by mail. Prior to the COVID-19 pandemic, DOT issued an average of 221,000 citations each fiscal year and collected an average of \$11.9 million annually for parking fines. DOT also issues approximately 12,000 residential parking, tow-away, haul-route, and Clean-Air Vehicle permits each year using a combination of paper-based forms, spreadsheets, and a geographic information system (GIS) solution.

In November 2003,² the San José City Council authorized staff to execute an agreement with Turbo Data Systems Inc. to provide citation processing and collection services for the City of San José through December 31, 2008. In December 2008,³ the San José City Council authorized staff to execute a new agreement with Turbo Data Systems, Inc. for parking citation compliance and processing services and subsequently approved amendments to the agreement in August 2012, April 2017, and June 2018⁴ to add additional options for a total of eight (8) options to extend the agreement through June 30, 2020.

In June 2018, the Finance Department released a Request for Proposal (RFP) for these services on behalf of DOT. In February 2019, DOT elected to cancel the solicitation to augment the scope and incorporate requirements for newer technologies, including an integrated ALPR solution for parking enforcement optimization and efficiency, expansion of the GIS to set up geofencing capabilities for permit issuance, tracking, and enforcement, and an enhanced and expanded online portal to include permit management. These technologies are expected to help enhance parking enforcement by capturing additional data for data analytics, assisting with staff assignment, and optimizing citation and permit management. In June 2020,⁵ Council authorized

² November 2003 Council Meeting: http://www3.sanjoseca.gov/clerk/agenda/11_4_03docs/11_04_03_6.2.htm

³ December 2008 Council Meeting: http://www3.sanjoseca.gov/clerk/Agenda/20081202/20081202_0206.pdf

⁴ August 2012 Council Meeting: http://www3.sanjoseca.gov/clerk/Agenda/20120821/20120821_0209.pdf

April 2017 Council Meeting: <https://records.sanjoseca.gov/Resolutions/RES78123.PDF>

June 2018 Council Meeting: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=71f2335a-824d-4a6d-8568-716a4ee109f3.pdf>

⁵ June 2020 Council Meeting: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=f76c2044-f3df-45ca-a2e3-3c3055a89c55.pdf>

two (2) additional one-year options for a total of ten (10) options to extend the term of the agreement through June 30, 2022 to allow staff time to revise the scope of work, conduct a new RFP, and execute a new agreement.

ANALYSIS

In June 2020, the Finance Department released a revised Request for Proposal (RFP) for Parking Citation Management and Permit Management Systems (Including Subsystems) and Processing Services through the City's e-procurement system, Biddingo. Three (3) responsive proposals were received prior to the submittal deadline from the following companies:

- Conduent State & Local Solutions, Inc. (Washington, D.C.)
- Quest Marketing, Inc. dba Quest Solution (Salt Lake City, UT)
- Turbo Data Systems, Inc. (Tustin, CA)

Evaluation Process: Proposals were evaluated and scored independently by a three-member evaluation team comprised of representatives from DOT.

The top two (2) rated companies, based on evaluation of their submitted technical and cost proposals, were selected to participate in oral interviews to demonstrate their products followed by a Best and Final Offer (BAFO) to make additional clarifications and provide final pricing. Scores for the finalists are as follows:

Evaluation Criteria	Maximum Points	Conduent State & Local Solutions, Inc.	Turbo Data Systems, Inc.
General Requirements	10	6	8
Experience and Qualifications	15	14	13
Project Approach/Schedule	10	8	9
Technical Capabilities	20	14	15
Cost Proposal (BAFO)	10	9	10
Oral Interview/System Demonstration	25	19	23
Local Business Enterprise	5	5	5
Small Business Enterprise	5	0	5
TOTAL	100	75	88

Local and Small Business Enterprise Preference: Both finalists requested and received the local business enterprise preference for their offices located in Santa Clara County, adding five (5) percent of the total points to each of their scores in accordance with San José Municipal Code Section 4.12.320.C.1. Turbo Data Systems, Inc. also requested and received the small business enterprise preference, adding an additional five (5) percent of the total points to its score in accordance with San José Municipal Code Section 4.12.320.C.2. Application of the local and small business enterprise preference does not impact the award recommendation for this RFP.

Protest: The City's RFP process included a ten-day protest period that began when the City issued the Notice of Intended Award on January 21, 2021. No protests were received.

Award Recommendation: Staff recommends award of contract to Turbo Data Systems, Inc., whose proposal was scored as the best value proposal per the evaluation criteria set forth in the RFP. Turbo Data Systems, Inc.'s proposal met or exceeded all RFP specifications, and they rated highly in the following key areas:

- lowest overall total cost of ownership;
- extensive experience providing the same or similar services and solutions for other public agencies;
- demonstrated exceptional solutions for citation issuance and processing;
- significant experience establishing and operating an Office of Parking Violations; and
- superior data analytics capabilities.

Staff conducted reference checks with the City of Culver City (CA), the City of Newport Beach (CA), and the City of Daly City (CA). All references provided positive feedback.

Office of Equality Assurance: The City of San José's Living/Prevailing Wage Policy applies to this agreement.

Summary of Proposed Agreement: The agreement with Turbo Data Systems, Inc. will be in accordance with the City's standard terms and conditions and include the following provisions:

- a detailed scope of work to ensure that the implemented solution complies with the City's requirements;
- a preliminary project implementation plan that meets the City's requirements for project completion;
- a compensation schedule that provides for vendor payment after final acceptance of all milestones and project deliverables;
- fixed pricing for the first three (3) years of the agreement, with any vendor requests for increases after the third year justified in accordance with the Producer Price Index and limited to 3% over the previous year's fees unless the City's Living and/or Prevailing Wage, as applicable, increases by more than 3% or unless otherwise negotiated; and
- nine (9) one-year options to extend the agreement for ongoing walk-in services, licenses, subscriptions, support, maintenance, handheld equipment, vehicle-mounted ALPR equipment, citation and permit processing services, and other related professional services.

The current agreement will end June 30, 2021, and the new agreement will begin July 1, 2021. The final option on the current agreement will not be exercised.

CONCLUSION

Approval of this recommendation will ensure the continuation of operations related to parking compliance services in a cost-effective manner, while incorporating newer technologies and software applications to digitally transform the services and enhance productivity, profitability, and sustainability.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

CLIMATE SMART SAN JOSE

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the City of San José Council meeting to be held on April 6, 2021.

COORDINATION

This memorandum has been coordinated with the Department of Transportation, the Department of Public Works' Office of Equality Assurance, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's 2020-2021 Adopted Operating Budget and City Service Area of Transportation and Aviation Services to provide well-maintained and operated public on-street and off-street parking facilities, implement effective policies and regulations, and encourage compliance with posted regulations.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION (1-year initial term) \$1,385,730

2. COST ELEMENTS:**One-Time Implementation Services**

- Project Management	\$0
- Business Process Analysis	0
- Bridging of Gaps in Functionality	0
- Data Migration	0
- Integration	0
- Testing	0
- Training and Documentation	0
- Go-Live	0
- Final Acceptance	180,000
Implementation Services Subtotal	\$180,000

One-Time Setup Fees

- Permit Management System & GIS	\$58,800
One-Time Setup Fees Subtotal	\$58,800

Hardware & Software – Annual Fees (Including Maintenance, Support, and Warranty for the Initial 1-Year Term)

- Handheld Units, including printers and accessories (65 at \$1,020 each)	\$66,300
- ALPR System, including accessories (5 at \$3,648 each)	18,240
- All Hardware and Software Licenses / Subscriptions	0
Hardware & Software Subtotal	\$84,540

Annual Fees for Processing & Other Services (Including Maintenance, Support, and Warranty for the Initial 1-Year Term Where Applicable)

- Citation Processing (estimated based on 240,000 citations)	\$684,000
- Online Portal (5,000 Concurrent Users)	26,400
- Office of Parking Violations	60,000
- Special Collections (based on 24% collection fee)	23,040
- Franchise Tax Board Collections (estimated based on 35% rate)	126,000
- Permit Management System	14,400
- Permit Fulfillment (estimated based on \$6/permit))	81,000
- GIS	30,000
- Permit Credit Card Fees (estimated based on 3.9% convenience fee)	17,550
Processing Services and Public-Facing Portal Subtotal	\$1,062,390

CONTRACT NOT-TO-EXCEED TOTAL (1-year initial term) \$1,385,730

Contingency (subject to an executed change order or amendment) 100,000

GRAND TOTAL NOT TO EXCEED (1-year initial term) \$1,485,730

3. SOURCE OF FUNDING: 001 – General Fund

4. FISCAL IMPACT:

Rates for the first three (3) years (initial term plus options one and two) of the new agreement will be fixed but the City's estimated needs may vary. After the first three years, any price increases in ongoing licenses, subscriptions, maintenance, support, and services must be justified by the vendor in accordance with the Producer Price Index (not to exceed 3% over the previous year's fees unless the City's Living and/or Prevailing Wage, as applicable, increases by more than 3%), approved by the City, and are subject to the annual appropriation of funds.

DOT currently has an annual base budget of \$991,000 for parking citation and permit management systems, which results in an additional \$395,000 to fully fund the first year agreement amount of \$1.4 million. Due to operational pauses during COVID-19, DOT expects savings in the current year contract of \$486,000 that will be available for repurposing toward the new contract to fully fund costs in 2021-2022.

The annual costs in the second and third years of the agreement are tentatively estimated at \$1.1 million, which leaves a potential ongoing shortfall of approximately \$110,000. However, this shortfall is largely based on citation and permitting activity from 2018-2019 levels; it is likely that the actual activity levels may be lower as the local economy recovers from the pandemic. The Administration will evaluate the necessary ongoing increase to the Base Budget as part of the 2022-2023 budget development process.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

JULIA H. COOPER
Director of Finance

For procurement and contract questions, please contact Jennifer Cheng, Deputy Director of Finance, at jennifer.cheng@sanjoseca.gov. For program-related questions, please contact Heather Hoshii, Division Manager, DOT, at heather.hoshii@sanjoseca.gov.