



Department: Public Works
Cost Center: 5101
For Agenda of: 5/17/2022
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director

Prepared By: Gaven Hussey, Parking Services Manager; and Alexander Fuchs, Parking Services Supervisor

SUBJECT: AUTHORIZE SOLE SOURCE AGREEMENT FOR PARKING CITATION PROCESSING AND DIGITAL PERMITTING SERVICES

RECOMMENDATION

1. Adopt a Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving a Sole Source Agreement for Parking Citation Processing and Digital Permitting Services with IPS Group, Incorporated" authorizing the City Manager to negotiate and execute a sole source agreement with IPS Group, Incorporated; and
2. Allocate \$11,500, annually, beginning in FY 2023, from the Parking Fund's Unreserved Working Capital to the program's Contract Services account to cover anticipated costs of services.

DISCUSSION

Background – Existing Vendor Not Working

In August 2016, the Parking Services Program released a Request for Proposals (RFP) for a parking citation issuance and processing services. After review and evaluation of the bid responses, in May 2017 Council authorized the execution of an agreement with Passport Labs, Inc. ("Passport").

Since then, the City has experienced multiple, significant issues with Passport's citation processing capabilities including incorrect payment timelines on notification letters, inconsistent collection of registered owner (RO) information, issues integrating with the California Department of Motor Vehicles (DMV) computer systems, and unreliable monthly invoicing and reporting. Staff has worked diligently for years to correct these issues including hiring a third-party consultant to work with Passport on DMV integration, but the issues persist.

Passport has been unable to integrate with industry standard mobile payment application vendors currently under contract with the City. The lack of integration requires Parking Enforcement Officers to check multiple applications for an active payment before issuing a citation for an expired parking session. This increases the opportunity for the wrongful issuance of citations and increases customer frustrations with the City's new payment options. Passport's citation processing application is functional but nowhere close to ideal for the City's operational needs.

There are multiple vendors that offer citation processing and / or digital permitting services including Passport, Data Ticket, Phoenix Group, T2 Systems, etc. However, contracting with a new, untested vendor does not align with best practices of a unified management platform. The addition of mobile payment application services, multi-space pay stations, and license plate recognition (LPR) technology over the past few years has highlighted the importance integration plays in effective communication across multiple platforms.

Reason for Sole Source with IPS

The City has contracted with IPS for multiple products and services including single space parking meters, multi-space pay stations, and for mobile payment application services. Several years ago, IPS launched an enforcement program offering citation processing and digital permitting services as part of their company's portfolio. IPS has contracted with multiple municipalities in California, including the City of Paso Robles, and has proven their ability to provide high-quality citation processing and digital permitting services.

Allowing IPS to provide mobile application payments, physical payment options at pay stations and single space meters, citation processing and digital permitting services for the City reduces the number of required integration points and reduces the opportunity for miscommunication of vital information used to verify payments and issue parking citations. Staff is therefore recommending the adoption of a Resolution (Attachment A) authorizing the City Manager, or his designee, to negotiate and execute a sole source agreement IPS for parking citation processing and digital permitting services.

Next Steps

If Council approves the recommendations, then the next steps will be to negotiate and execute an agreement for IPS's services, finalize the implementation schedule, and provide notification to the existing citation processing contractor of the City's intent to terminate their agreement. Staff anticipates a 90-day implementation timeline with IPS going live in August 2022. Staff will then notify property owners and residents of the preferential parking permit districts of the timeline and information needed to transition to a digital permitting system.

Previous Council Action

In August 2020, City Council adopted a Resolution authorizing the City Manager to execute a sole source agreement with IPS for the purchase and installation of multi-space pay stations. Council also authorized the City Manager to execute a separate sole source agreement with IPS for the operation and maintenance of the pay stations.

Policy Context

Pursuant to the City's Municipal Code Section 3.24.060(D), certain acquisitions in which the equipment or services have been uniformly adopted in the City or otherwise standardized may be obtained from a single source without engaging in bidding procedures.

Pursuant to Section 202 (Purchasing Process) of the City's Financial Management Manual, City Council approval is required for all general services agreements totaling \$150,000 or more for the term of the agreement. Staff anticipates the total compensation for the agreement to be roughly \$507,000 over the five-year term.

Public Engagement

Staff did not engage the public regarding the recommendation to execute an agreement with IPS Group for citation processing and digital permitting services. Staff did, however, notify preferential parking permit program participants of the City's intent to implement a digital permitting program. Information was sent to all property owners of existing parking permit districts in August 2021 along with their annual permit renewal information.

CONCURRENCE

Information Technology (IT) staff reviewed this project, and they concur that it will have minimal impact on City IT infrastructure and resources because communication and credit card processing of parking citation and digital permit payments will follow the same processes currently used by IPS's mobile payment application.

The City's Purchasing Division in the Finance Department concurs with the justifications to pursue a sole source agreement with IPS Group.

The Police Department, who also issue parking citations, concurs with the recommendation to contract with IPS Group for these services.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: On-going

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
Parking Fund	\$92,000	\$11,500	\$0	\$96,600
Total	\$92,000	\$11,500	\$0	\$96,600

The City currently contracts with Passport for citation processing services. The City does not have a current contractor for digital permitting services. Based on the invoices provided by Passport for July 2021 through March 2022, the City is projected to expend approximately \$84,000 in FY2022 for citation processing services (This amount does not include the convenience fees that the City is invoiced for but that is paid by customers using Passport's online payment portal). In FY 2022 and beyond, the Parking Fund budgets \$92,000 annually for citation processing services in their Contract Services account.

Staff anticipates that contracting with IPS will cost approximately \$103,500 in the first year (FY 2023) and approximately \$96,600 annually thereafter based on the pricing sheet provided by IPS and parking citation issuance statistics from December 2021 through February 2022. The estimated costs include both citation processing and digital permitting services.

Staff is, therefore, requesting approval to allocate \$11,500, annually beginning in FY 2023, from the Fund's Unreserved Working Capital to cover the difference in service costs.

ALTERNATIVE

Council could decide not to approve a sole source agreement with IPS Group. This action is not recommended by staff because the services provided by the current citation processing contractor cannot deliver a high-quality customer experience and issuing a Request for Proposals (RFP) for these services will add months to the transition process from the existing contractor to a new contractor.

ATTACHMENTS

A - Draft Resolution authorizing the City Manager to execute a sole source agreement with IPS Group for citation processing and digital permitting services

B - IPS Group Standard Pricing Sheet