

2009 DEC 22 PM 2: 10 **CITY OF OAKLAND**
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: FMA/Parking Operations
DATE: January 12, 2010

RE: **Supplemental Report on Parking Citation Administration and Revenue Reconciliation System (CARRS) Contract**

SUMMARY

On November 10, 2009, the Finance and Management Committee considered the adoption of a Resolution Authorizing the City Administrator to negotiate and execute a contract between the City of Oakland and ACS State and Local Solutions, Inc. (ACS) to provide a parking Citation Administration and Revenue Reconciliation System (CARRS) at an estimated cost of \$900,000. The City received two proposals in response to the RFP, one from Duncan Solutions (Duncan) and another from ACS. ACS was recommended as the contractor based on an evaluation of the proposals by an external panel and a review by internal staff.

This item was continued in Committee to allow Committee Members time to ask additional questions about the two proposals received by the City. Since the Committee first heard this item in November, staff has received and reviewed alternative pricing proposals submitted by both proposers, ACS and Duncan.

FISCAL IMPACT

The cost of the CARRS contract is incurred as a per-citation processing fee for an estimated volume of 525,000 citations plus additional fees for special collection efforts. Both Duncan and ACS submitted "base" and "alternative" pricing proposals. The summary of fiscal impact is provided below, and a detailed discussion is presented in the "Discussion" section of this report.

- Base proposal of \$0.99 per citation fee proposed by ACS would cost the City up to \$900,000 annually.
- Base proposal of \$1.35 per citation fee proposed by Duncan would cost the City up to \$1,071,900 annually.
- Alternative proposal of \$0.60 per citation fee proposed by ACS would cost the City up to \$685,000 annually.
- Alternative proposal of \$0.73 per citation fee proposed by Duncan would cost the City up to \$752,000 annually. The original proposal submitted by Duncan required that lockbox

Item: _____
Finance and Management Committee
January 12, 2010

check processing be included as part of the contract under their alternative proposal. Since then, however, Duncan has indicated that contracting out lockbox payment processing would not be required under their alternative proposal. The ACS alternative proposal does not require that lock box payment processing be part of the contract. Outsourcing lockbox payment processing would cost the City approximately \$195,000 per year.

- The alternative proposals of both companies require the City to assess a 30% collection fee for citations that are sent to DMV or FTB for collections. The 30% collection fee would be added to the motorist's outstanding citation amount and be paid by the motorist directly to the contractors. This 30% collection will generate approximately \$1,200,000 in additional revenue benefit to the contractor annually.

DISCUSSION

The City of Inglewood currently provides citation processing and collection services through a subcontract with Duncan Solutions. On August 7, 2009 the City of Oakland issued a Request for Proposal (RFP) for CARRS. The RFP was advertised in local newspapers and on the City's website. The City received two proposals in response to the RFP; one from Duncan Solutions and another from ACS State and Local Solutions.

A panel of five members, including three external panel members (two from UC Berkeley and one from the Port of Oakland) and two City supervisory employees from Parking Operations, reviewed the two proposals for services offered and pricing, and conducted interviews and software demonstrations with the two proposers. The outcome of that process was a recommendation by both the external panelists and staff that ACS State and Local Solutions be awarded the contract for the CARRS project.

Both proposals were scored based on the following selection criteria:

- Proposed project team
- Relevant Experience
- Project Approach
- Proposed software for citation issuance and reporting
- Proposed software for enforcement management and citation processing
- Payment processing system
- Data management, including security
- Training plan and proposed staffing
- System conversion proposal
- Marketing and Revenue Enhancement techniques
- Hardware equipment provided to the City
- Cost/pricing

Based on the external panel evaluation and internal staff review of the proposals using the above criteria, staff recommends that ACS be awarded the contract for the following reasons:

- Both the base and alternative price proposals submitted by ACS offered a lower cost to the City than Duncan.
- ACS has 28 years experience providing ticket processing services compared to Duncan's 10 years of experience.
- ACS holds contracts with cities that issue the largest number of parking citations in the country. Some of their contracts have been in place for more than 20 years.
- Based on technology demonstration, the technology (software) proposed by ACS offers greater functionality than the technology proposed by Duncan Solutions.
- ACS' corporate headquarters is in San Francisco.

Contractor Experience

The following table summarizes the business experience and the largest ticket processing (over 200,000 tickets annually) contracts currently held by both companies:

ACS		Duncan	
Experience/Current Clients	Approximate Annual Citations Issued	Experience/Current Clients	Approximate Annual Citations Issued
28 years providing ticket processing services (since 1981)	N/A	10 years providing ticket processing services (Since 1999)	N/A
Los Angeles, CA	2,950,000	Milwaukee, WI	1,000,000
District of Columbia	2,470,000	Detroit, MI	450,000
Philadelphia, PA	1,900,000	Berkeley, CA	400,000
San Francisco, CA	1,840,000	Sacramento, CA	300,000
Boston, MA	1,600,000	Pittsburgh, PA	300,000
Denver, CO	650,000	Montgomery County, MD	225,000
St. Louis, MO	400,000	Arlington County, VA	220,000
New Orleans, LA	380,000	Evanston, IL	200,000
Cambridge, MA	340,000		
Providence, RI	300,000		
Santa Monica, CA	280,000		
Cleveland, OH	220,000		

Pricing Proposals

A. Original Base Price Proposals

The following table summarizes the cost to the City under the \$0.99 base per citation fee proposed by ACS and the \$1.35 base per citation fee proposed by Duncan, and the scope of services provided under those two base price proposals.

Cost	ACS \$0.99 per Citation Fee	Duncan \$1.35 per Citation Fee
Citation Processing	\$511,054	\$696,892
Postage & Handling	\$344,208	\$344,208
Handheld Printer Paper	\$30,000	\$30,000
Shipping & Supplies	\$800	\$800
Total Annual Cost to City	\$866,062	\$1,071,900
Service Provided	ACS \$0.99 per Citation Fee	Duncan \$1.35 per Citation Fee
Electronic Citation & Reporting System	Included	Included
Enforcement Management System and Parking Citation Processing System	Included	Included
Payment Processing	Included	Included
Citation Inquiry	Included	Included
Financial Adjustments and Automated Refund Processing	Included	Included
Administrative Review and Adjudication	Included	Included
Data Management and Off-Site Security	Included	Included
Training/Technical Support	Included	Included
System Conversion	Included	Included
Hardware Equipment (PCs, printers, Handheld citation devices with printers, kiosks, cashiering system)	Included	Included
Revenue Enhancement Techniques	Included	Included
Phone System Upgrade	Included	Included
Lockbox for mail-in checks (Optional Service)	Included	Included
DMW and FTB Lien Filing	Included	Included

Service Provided	ACS \$0.99 per Citation Fee	Duncan \$1.35 per Citation Fee
Out-of-State DMV Processing	Included	Included
Telephone/Internet Payments	Included	Included
Dashboard Reporting System	Included	Not Included

B. Alternative Price Proposals

Although the RFP did not request that the proposals include alternative pricing structures, Duncan Solutions included an alternative pricing proposal in their RFP response. Duncan Solutions proposed to reduce the per citation processing fee to **\$0.73** if the City met certain contract modification requirements. Since the Committee first heard this item in November, ACS has submitted an alternative price proposal reducing their original per citation processing fee to **\$0.60** per citation processed. Both alternative pricing proposals require that the City maintain an annual volume of 500,000 citations issued and that a 30% add-on fee paid by the motorist be included for citations that are sent to collections, including DMV or FTB lien filing. In addition, Duncan's original alternative proposal required that lockbox payment processing be included in the scope of the contract. Since submitting their alternative proposal, Duncan has indicated that lockbox payment processing would not be a requirement under their alternative proposal.

The following table summarizes the cost to the City under the alternative \$0.60 per citation fee proposed by ACS and the alternative \$0.73 per citation fee proposed by Duncan, and the additional 30% add-on fee the City would have to agree to in order to receive the reduced alternative per citation fee proposed by both contractors.

Cost	ACS \$0.60 per Citation Fee	Duncan \$0.73 per Citation Fee
Citation Processing *	\$309,730	\$376,838
Postage & Handling	\$344,208	\$344,208
Handheld Printer Paper	\$30,000	\$30,000
Shipping & Supplies	\$800	\$800
Total Annual Cost to City	\$684,738	\$751,846
30% Add-on Fee Charged to Motorist for DMV/FTB Lien **	\$1,200,000	\$1,200,000
Total Annual Revenue Collected by Contractor	\$1,884,738	\$1,951,846

* Citation processing cost was calculated using a FY 2009-10 year-end projection of 516,216 citations issued.

** In 2006 Council adopted an Ordinance authorizing a 30% add-on fee for all citations that go into special collections. Staff included DMV and FTB liens as special collections. Prior to the adoption of the Ordinance the City of Inglewood (current contractor) filed DMV and FTB liens as part of their citation processing fee, without adding the 30% add-on fee to the citation amount.

The current RFP was issued with the intention that the collection process would return to the previous process, where a 30% add-on fee would only be assessed if the DMV or FTB lien fails to result in collection of the outstanding citation fine and the citation goes into special collections. The only additional fee that would be added to the citation and paid by the motorist is the required \$3 fee for filing a DMV lien and the \$1 fee for filing an FTB lien.

C. Guaranteed Revenue Proposal

Both proposers have submitted an annual revenue guarantee of 10% over the current budgeted revenue of \$27.7 million, providing the City an additional \$2.7 million annually. The 10% guarantee requires that the City continue to annually issue a minimum of 500,000 citations.

System Functionality

Based on staff experience with using different systems for processing parking citations, Parking Operations staff developed a list of key functionalities that a new system should have to address processing timeframes, consistency, accurateness and service delivery to clients. Software demonstrations were provided by both proposers to the review panel. The demonstrations revealed that some of the functionality that was available in the ACS program was not currently available in the Duncan software program. In following up with Duncan Solutions on this, Duncan has indicated that, although their software does not currently offer these features, they would make the necessary program changes to provide these functionalities. The following table outlines those key functionalities and their availability in the systems that would be provided by the two proposers.

Functionality	Available in Duncan System	Available in ACS System
1. System should allow more than one session to be open at a time.	Yes	Yes
2. System should be able to generate only one citation per citation number, and not create duplicate citation with different information.	Not available in current system, but Duncan has indicated that their software could be programmed to provide this functionality	Yes

Functionality	Available in Duncan System	Available in ACS System
3. VIN number and license plate numbers should be linked in the system, so that all citations related to the same VIN and license plate should come up together separated by registered owner. The current system does not show citations that were issued to the same vehicle but issued under the VIN number, when the vehicle's history by license plate number is pulled.	Yes	Yes
4. If a citation is paid in full, the system should not be able to accept any other payment, except by someone with administrative rights to the system.	Not available in current system, but Duncan has indicated that their software could be programmed to provide this functionality	Yes
5. When there is a vehicle ownership change, the system should automatically reverse penalties (including collections fees) and send the first Notice to the new owner entered.	Not available in current system, but Duncan has indicated that their software could be programmed to provide this functionality	Yes
6. When processing a citation review, the system user should automatically be able to issue a letter citing the outcome of the review. The review process, decision and letter generated should be linked in the system. The current system requires a seven step process to generate a liable letter.	Not available in current system, but Duncan has indicated that their software could be programmed to provide this functionality	Yes
7. System should automatically update at the time that a payment is processed, so that additional collection fees and late notices are not erroneously generated based on pre-programmed due dates in the system.	Yes	Yes
8. Citations entered into the system under 'Fast Add' should automatically link with DMV recorders to identify the registered owner.	Yes	Yes

Functionality	Available in Duncan System	Available in ACS System
9. For correctable violations (CVC Sections 4000, 4000A, 5200, 5204, and 5204A), when payment is received before the due date but processed after, and the balance is waived, system should not generate a notice because of the process date, not recognizing the payment date.	Yes	Yes
10. The system should allow disposition entry only at the date of the Hearing, not before or after.	Not available in current system, but Duncan has indicated that their software could be programmed to provide this functionality	Yes

Local Business Enterprise Participation

Both proposals include provisions for subcontracting portions of the City contract with Local Business Enterprises as follows:

LBE Business	Type of Work	Duncan Solutions	ACS
ACCEL Services	Staffing Services	\$324,000	-
PC Professional	Computer/Technology Equipment	\$171,000	-
Oakland Computer Company (Minority Owned Woman Enterprise)	Equipment Purchases and Maintenance	-	\$507,000
Total LBE Participation		\$495,000	\$507,000

Reference Checks and Outcome of Recent Contract Awards

In addition to the review of the written proposals and oral interviews with the two bidders, City staff conducted reference checks with five clients with whom the two vendors currently work with on parking citation related services. Reference checks for both proposers were favorable.

Duncan Solutions	ACS State and Local Solutions
San Diego, CA	Boston, MA
Atlanta, GA	Denver, CO
Milwaukee, WI	San Francisco, CA
Pittsburg, PA	Printing Technologies, Inc.
Sacramento, CA	PayLock

The table below summarizes the outcome of recent parking RFPs issued by parking enforcement agencies:

Agency	Annual Citations Issues	Bid Outcome
Los Angeles County Sheriff	200,000	Contract awarded to ACS
City of Long Beach	Contract for collections only	Contract awarded to ACS
Montgomery County, MD	200,000	Contract awarded to Duncan
Detroit, MI	365,000	Contract awarded to Duncan
Somerville, MA	230,000	Contract awarded to Duncan
Cambridge, MA	338,000	Contract awarded to ACS

RECOMMENDATIONS AND RATIONALE

After both an internal evaluation of the proposals and an analysis of the feedback provided by the external panel, staff recommends that the City contract with ACS to provide CARRS.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that Council adopt a Resolution authorizing the City Administrator to negotiate and execute a contract between the City of Oakland and ACS State & Local Solutions, Inc. to provide a parking Citation Administration and Revenue Reconciliation System (CARRS) for three years with two one-year options to renew.

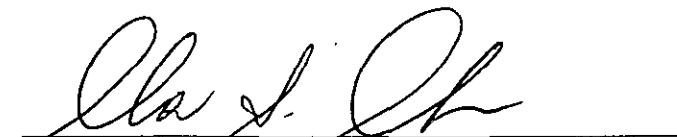
Respectfully submitted.



Noel Pinto, Parking Operations Manager
FMA/Parking Operations Division

Prepared by:
Thomas DiSanto, Administrative Services Manager II
FMA/Parking Operations Division

APPROVED AND FORWARDED TO
THE CITY COUNCIL:


Office of the City Administrator

Item: _____
Finance and Management Committee
January 12, 2010