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Title: RESOLUTION AUTHORIZING A SOLE SOURCE SERVICE AGREEMENT OF FIVE YEARS FOR PARKING METER AND PAY STATION AS-NEEDED DATA SERVICES AND PURCHASE OF PARTS AND REPAIRS FROM IPS GROUP, INC. TO ALLOW FOR CONTINUED OPERATIONS OF THE DISTRICT'S PARKING METERS AND PAY STATIONS ON TIDELANDS. THE SOLE SOURCE SERVICE AGREEMENT IS FOR THE PERIOD OF NOVEMBER 1, 2020 TO OCTOBER 31, 2025, IN AN AMOUNT NOT TO EXCEED \$860,000, AND MAY BE TERMINATED UPON 30-DAY WRITTEN NOTICE. ALL FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH YEAR'S FISCAL BUDGET

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Attachments: 1. 1. 2020-0084 Attachment A, 2. 1. 2020-0084 Attachment B, 3. 1. 2020-0084 Draft Resolution

Date	Ver.	Action By	Action	Result
10/6/2020	1	Board of Port Commissioners	adopted	

DATE: October 6, 2020

SUBJECT:

RESOLUTION AUTHORIZING A SOLE SOURCE SERVICE AGREEMENT OF FIVE YEARS FOR PARKING METER AND PAY STATION AS-NEEDED DATA SERVICES AND PURCHASE OF PARTS AND REPAIRS FROM IPS GROUP, INC. TO ALLOW FOR CONTINUED OPERATIONS OF THE DISTRICT'S PARKING METERS AND PAY STATIONS ON TIDELANDS. THE SOLE SOURCE SERVICE AGREEMENT IS FOR THE PERIOD OF NOVEMBER 1, 2020 TO OCTOBER 31, 2025, IN AN AMOUNT NOT TO EXCEED \$860,000, AND MAY BE TERMINATED UPON 30-DAY WRITTEN NOTICE. ALL FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH YEAR'S FISCAL BUDGET

EXECUTIVE SUMMARY:

The San Diego Unified Port District (District) currently operates 760 smart parking meters and four (4) multi-space pay stations (the "Existing Inventory") in operation throughout District Tidelands that were purchased from IPS Group, Inc. (IPS). Since the initial installation of the smart parking meters and pay stations there has been an improved experience for visitors parking along the Bay, due to the ability to pay with multiple payment options. The installation of smart parking meters and pay stations has given the visitor the ability to pay via debit card, credit card, or coin and even provides the option of obtaining a receipt for business use. The District's initial investment into parking

technology, provides an improved visitor experience, as well as real-time data reporting that assist the District in continued management of its parking assets, parking turnover, and public access to the Bay. The Existing Inventory was purchased from IPS, between April 2015 and October 2016, via three separate Board approved agreements, which expired on May 17, 2020. Due to the uncertainty of the Covid-19 impact, staff entered into a six-month agreement with IPS Group, Inc. (IPS) for continued monthly data services and as-needed repairs associated with the continued operations of the District's Existing Inventory. This agreement is now nearing its termination and staff is recommending that the Board authorize a Sole Source Service Agreement of five years for smart parking meter and pay station as-needed data services and future purchase of parts and repairs from IPS to allow for continued operations and management of the District's smart parking meters and pay stations on Tidelands. The proposed agreement with IPS gives the District the right to terminate at any time with or without cause by giving 30-days written notice.

RECOMMENDATION:

Adopt a Resolution authorizing a Sole Source Service Agreement of five years for parking meter and pay station as-needed data services and purchase of parts and repairs from IPS Group, Inc. to allow for continued operations of the District's parking meters and pay stations on Tidelands. The Sole Source Service Agreement is for the period of November 1, 2020 to October 31, 2025, in an amount not to exceed \$860,000. All funds required for future fiscal years will be budgeted in the appropriate fiscal year, subject to Board approval upon adoption of each year's fiscal budget.

FISCAL IMPACT:

Funds for FY 20/21 are budgeted within Port As A Service - Parking Department's Non- Personnel Expense account in the current FY 20/21 budget. Staff estimates annual cash requirement of approximately \$120,000 per year in monthly data services and \$52,000 per year for as-needed parking meter supply, parts and repairs, resulting in a 5-year total cash requirement of \$860,000. Funds required for future fiscal years will be budgeted for in the appropriate year subject to Board approval upon adoption of each fiscal year's budget.

Cash Requirement Forecast	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Facility Management Services	\$ 80,000	120,000	120,000	120,000	120,000	40,000
Parking Meter Supplies	\$ 28,000	52,000	52,000	52,000	52,000	24,000
Total by Fiscal Year	\$ 108,000	172,000	172,000	172,000	172,000	64,000
	\$ 860,000 Total Cash Requirement					

Staff anticipates that parking meter revenues, given the quick recovery from COVID-19 impacts, over the term of this agreement would be approximately **\$15.5M** (assuming no change in parking meter rates or number of smart meters) compared to a cost of **\$860,000** (5.6% of revenue) to operate those meters.

COMPASS STRATEGIC GOALS:

Staff's recommendation authorizing a Sole Source Service Agreement with IPS for continued as-needed data services and purchase of parts and repairs, will allow for continued operations and

management of the District's smart parking meters and pay stations on Tidelands. The management of District's parking assets is a key component to improving the customer experience of the residents and visitors accessing San Diego Bay, nearby tenants, attractions, and amenities.

- A Port that the public understands and trusts.
- A vibrant waterfront destination where residents and visitors converge.
- A financially sustainable Port that drives job creation and regional economic vitality.

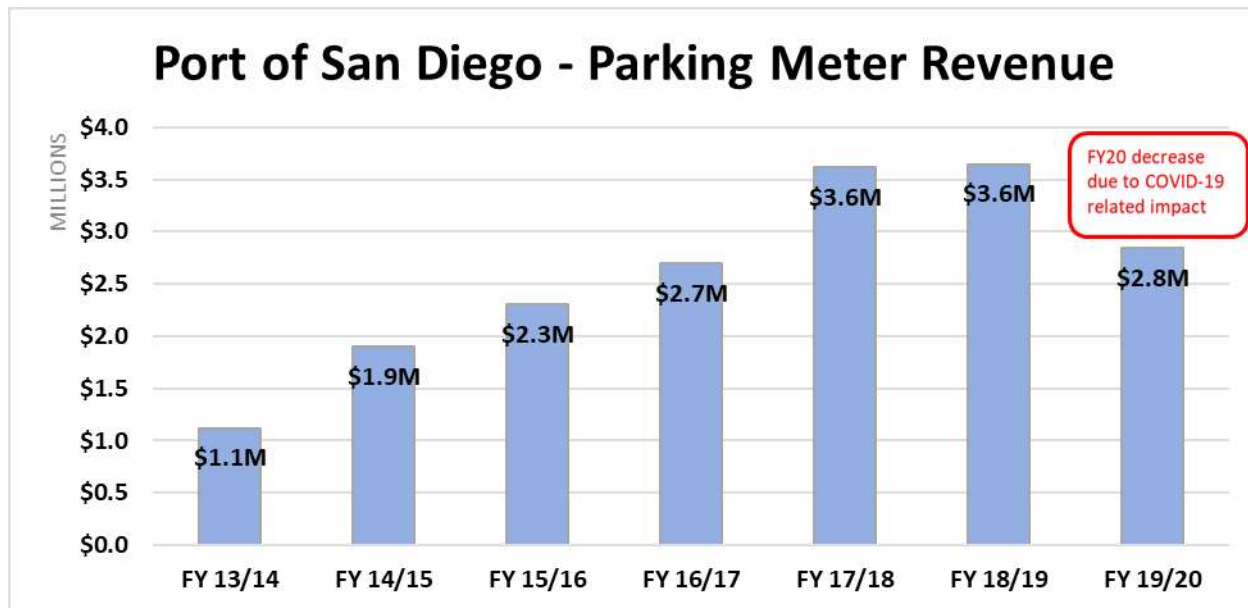
DISCUSSION:

History

In May of 2015, the Board approved an Agreement with IPS for the purchase of 520 smart parking meters for Tuna Harbor, the Embarcadero, and Ruocco Park areas. An additional 186 smart parking meters were installed in Embarcadero Marina Park North and Embarcadero Marina Park South areas in May of 2016, via a second agreement with IPS. Lastly, in September of 2016, the Board approved a third agreement with IPS for the purchase of 54 smart parking meters for the Crescent area along North Harbor Drive (north of Grape Street along the waterfront and south of the Coast Guard Station), and four (4) multi-space pay stations for Spanish Landing Park area. All three IPS Agreements expired on May 17, 2020. Due to the uncertainty of the Covid-19 impact, staff entered into a six-month agreement with IPS Group, Inc. (IPS) for continued monthly data services and as-needed repairs associated with the continued operations of the District's Existing Inventory. Staff is now requesting to enter into a Sole Source Service Agreement of five years with IPS to purchase as needed data services for continued operations of Districts existing 760 smart parking meters and four (4) pay stations as well as any future purchase of meter supply, parts and repairs for sustained operations.

Public Parking Meter and Pay Station Revenue Overview

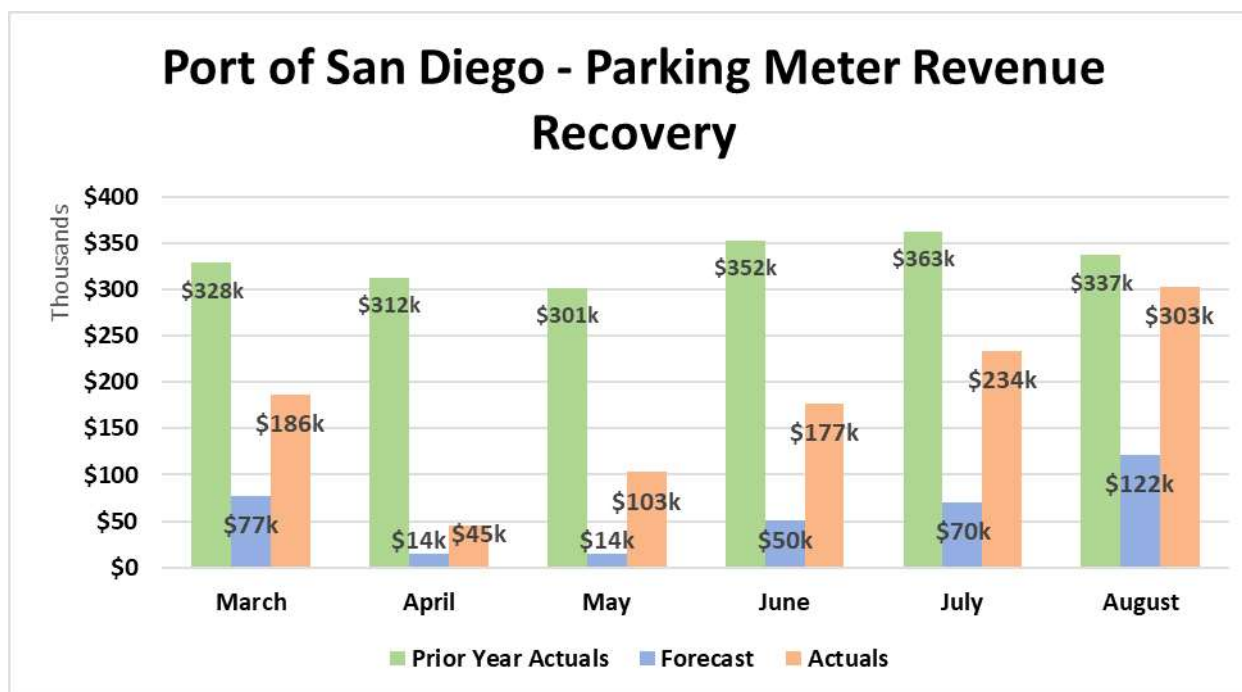
The first implementation of smart parking meters was in May of 2015. Since then, the District has gradually converted traditional meters to smart parking meters and currently 87% of the District's meter inventory are smart. These smart parking meters along with the pay stations have enabled the use of electronic payment methods, such as credit and debit card, which have greatly contributed to an increase in parking revenue. This additional electronic payment option has allowed customers to pay with credit or debit card for an extended parking stay, rather than limiting the parking stay to how many coins a customer may have available. The District has also received positive tenant feedback due to tenant customers being able to pay the smart parking meters with a debit or credit card. The average credit card transaction is \$4.49 versus \$0.98 for coin transactions. To date, since the first installation of smart parking meters and thereafter some pay stations, credit card revenue has accounted for 73% of total parking revenue generated. Below is a chart illustrating the amount of parking revenue generated from FY13/14 through FY19/20 for meters and pay stations:



*The parking revenue shown above is total overall revenue per year for the smart parking meters, traditional meters, and pay stations.

Parking Meter Revenue and COVID-19 Impacts

Parking meters have shown a quicker recovery than initially anticipated from the COVID-19 impacts and initial stay at home closure orders. Parking revenues for the months of March through August have exceeded the “Base Case” forecast by nearly \$872k with roughly 80% of the favorable results being driven by parking meters. The ability to still enjoy the Bay even while parks and restaurants were initially closed helped drive parking revenue. The subsequent opening of parks and restaurants further drove parking revenues. See table below for a detailed breakout, for the months of March through July, of parking meter revenue actuals compared to prior year actuals and the Base Case forecast:



Additionally, staff anticipates that parking meter revenues, given the quick recovery from COVID-19 impacts, over the term of this agreement would be approximately **\$15.5M** (assuming no change in parking meter rates or number of smart meters) compared to a cost of **\$860,000** (5.6% of revenue) to operate those meters.

Continued Operations

A new agreement with IPS is needed for the continued operation of the District’s smart parking meters and pay stations. There are two categories to continued operations:

- 1) Data Services (reflected in “Facility Management Services” in Fiscal Impact)**
 - a. Acceptance of electronic payments such as credit card and debit cards require the operation of a wireless network in order to authorize charging credit cards or debit cards for payment of parking.
 - b. Continued access and use of IPS Data Management System (DMS) which wirelessly connects to all of the IPS smart parking meters and pay stations. The DMS permits for modifications to parking rates electronically, smart parking meter and pay station inventory tracking, return for repair tracking, coin collection tracking and provides real-time data and revenue reporting. This will continue to assist the District with management of existing and future parking meter and pay station assets.

The demand for parking technology has increased along the waterfront from developments in the areas including Broadway Landing, the Headquarters, the Lane Field hotels and park, the San Diego Waterfront Park, the Manchester Pacific Gateway project, the San Diego Symphony Bayside Performance Park Enhancement project, the Portside Pier project, the expansion of the nearby San Diego Airport, and continued increased needs of the District’s tenants. The continued use of this parking technology will allow the District to continue to offer the electronic payment features, management and adjustment of parking rates, and the management of turnover and accessibility of current metered parking spaces on Tidelands.

2) Parts & Repairs (reflected in Parking Meter Supplies in Fiscal Impact).

Due to the high volume of transactions (approximately 1.3 million annually in total and approximately 1,625 per meter annually) that the District smart parking meters and pay stations process and the marine environment, this equipment from time to time needs repair. For the smart parking meters and pay stations to continue operating via the IPS wireless network, these repair parts need to be purchased from IPS.

Conclusion and Recommendation

Based on the information provided above, staff recommends the Board authorize a new agreement with IPS for the continued use of their proprietary technology to allow for continuous operations and management of the District's smart parking meters and pay stations on Tidelands. Staff recommends the Board adopt a Resolution authorizing a Sole Source Service Agreement of five years for smart parking meter and pay station as-needed data services and future purchase of parts and repairs from IPS to allow for continuous operations and management of the District's smart parking meters and pay stations on Tidelands.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda sheet and attachments as presented to it and approves the same as to form and legality.

Environmental Review:

The Board action, including without limitation, authorizing a sole source service agreement of five years with IPS is categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301 (Existing Facilities) and Section 3.a. of the District's Guidelines for Compliance with CEQA because the project would consist of as-needed data services and purchase of parts and repairs of existing parking meters and pay stations on Tidelands that would involve no expansion of use beyond that previously existing. The District has determined none of the six exceptions to the use of a categorical exemption apply to this project (CEQA Guidelines Section 15300.2). No further action under CEQA is required.

The Board action complies with Sections 21, 35, and 87 of the Port Act, which allow the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers, and which authorizes the use of Tidelands for all commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of commercial and industrial buildings, plants, and facilities. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The Board action is considered "excluded development" pursuant to Section 8.a. (Existing Facilities) of the District's Coastal Development Permit Regulations because the project would consist of a five year sole source service agreement for as-needed data services and purchase of parts and repairs for existing parking meters and pay stations that would involve no expansion of use beyond that previously existing. No further action under the Coastal Act is required.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

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Attachment(s):

Attachment A: Sole Source Justification Memorandum for IPS Group, Inc. for Smart Parking
Meter and Pay Station Continued Services per BPC Policy No. 110 Section II.H

Attachment B: Sole Source Service Agreement with IPS Group, Inc.

Attachment C: Resolution No. XXXX