



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4c

ACTION ITEM

Date of Meeting January 17, 2017

DATE: January 10, 2016

TO: Ted Fick, Chief Executive Officer

FROM: Peter Garlock, Chief Information Officer

SUBJECT: Contract Amendment for Parking System Replacement Vendor (#C800728)

Amount of this request: \$0

Total estimated project cost: \$5,500,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a contract amendment with ParkingSoft for feature enhancements to the system and to include vendor provided maintenance.

EXECUTIVE SUMMARY

On January 6, 2015, Commission approved the Public Parking Revenue Control System Replacement project to replace the current system used for the SeaTac public garage. ParkingSoft was selected via a competitive procurement and a contract was signed in March 2016. Deployment of the new system is currently scheduled for 2nd quarter 2017 and additional enhancements will be deployed by end of the year.

This request will approve a contract amendment for feature enhancements identified during design to improve reliability, reduce credit card processing fees, and provide additional payment options. The estimated contract cost of \$400,000 is greater than ten percent of the original contract value; therefore, Commission authorization is required under the General Delegation of Authority, Section 4.2.3.8. This cost will be accommodated within the current approved project budget (#C800728). In addition, the amendment will add vendor managed support for an estimated annual contract cost of \$200,000. Annual support costs will stay static for three years, and are then estimated to rise 4% per year through year ten. Total recurring costs with this amendment will be 32% lower than recurring costs for the current system. They are budgeted in the Aviation Maintenance operating budget.

JUSTIFICATION

This amendment includes several enhancements with important benefits.

- (1) Reduces our risk of failure in connectivity to third party credit card processing services

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- (2) Significantly reduces our credit card processing fees by eliminating an additional credit card processing gateway, and providing more detailed transaction information
- (3) Offers additional payment options to general parking customers, as well as our corporate parking program customers
- (4) Transfer maintenance responsibilities for on-site application infrastructure to the vendor clarifying accountability for availability, accuracy, and Payment Card Industry (PCI) requirements

DETAILS

Scope of Work

The following scope is included in the proposed contract amendment.

- (1) Create a direct connection to the Port’s preferred credit card processor
- (2) Accept debit card and Automated Clearing House (ACH) payments
- (3) Improve system architecture to eliminate single points of failure
- (4) Provide better support for on-site ParkingSoft system infrastructure and software

Schedule

Original Commission Authorization	January 12, 2015
Parking system deployment complete	June 2017
Additional program support	December 2017

Cost Breakdown

There is no change to the original approved project budget as a result of this amendment.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Utilize standard credit card gateway provided by ParkingSoft as a link to the Port’s credit card processor.

Cost Implications: \$0

Pros:

- (1) Standard delivered credit card interface will reduce complexity in the initial implementation.
- (2) \$340,000 in capital costs would be available for other efforts.

Cons:

- (1) An additional gateway for credit card processing increases opportunities for failure that would result in lost revenue for the Port.
- (2) There would be an estimated annual increase of \$97,000 in credit card processing fees from the additional credit card gateway.
- (3) An estimated savings of \$65,000 in credit card processing fees would not be realized.

This is not the recommended alternative.

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Alternative 2 – Utilize standard fault tolerance architecture provided by ParkingSoft and manage local infrastructure with Port resources.

Cost Implications: \$0

Pros:

- (1) Standard architecture will reduce complexity in the initial implementation.
- (2) \$60,000 in capital costs and an estimated \$171,000 in annual maintenance will be available for other efforts.

Cons:

- (1) Standard architecture with a single point of failure does not adequately protect against connectivity or credit card processor issues that could result in lost revenue for the Port.
- (2) Accountability for availability, accuracy, and compliance with PCI requirements would be shared between the vendor and the Port, resulting in potential finger pointing.

This is not the recommended alternative.

Alternative 3 – Approve a contract amendment to create a direct connection to the Port’s credit card processor, accept debit card and ACH payments, improve reliability, and include vendor support of on-site system infrastructure.

Cost Implications: \$400,000 increase in contract costs and an estimated initial annual contract cost of \$200,000. This increase can be accommodated within the originally approved budget.

Pros:

- (1) Realize credit card processing fee savings of an estimated \$162,000 annually over other alternatives.
- (2) Improve customer service by offering multiple payment options.
- (3) Protect against revenue loss from connectivity or credit card processor issues.
- (4) Clearer accountability on vendor for availability, accuracy, and PCI requirements.

Cons:

- (1) Capital and recurring funds are not available for other efforts.
- (2) Additional complexity in the initial system implementation.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$5,500,000	\$0	\$5,500,000
AUTHORIZATION			
Previous authorizations	\$5,500,000	0	\$5,500,000

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Current request for authorization	\$0	0	\$0
Total authorizations, including this request	\$5,500,000	0	\$5,500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

There is no change to the authorized project budget as a result of this amendment.

Future Revenues and Expenses (Total cost of ownership)

- (1) Annual initial recurring costs of approximately \$200,000 will be budgeted in the Aviation Maintenance operating budget.
- (2) Estimated annual savings of \$162,000 are expected from a reduction in credit card processing fees over the originally planned implementation.
- (3) \$50,000 in Port labor savings are expected from a transition to vendor managed infrastructure.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 6, 2015 – The Commission authorized the Chief Executive Officer to (1) proceed with the Public Parking Revenue Control System Replacement project; (2) authorize the procurement of required hardware, software, and vendor services; (3) authorize Port staff to implement the project for a total project cost not to exceed \$5,500,000; and (4) authorize procurement of post-implementation maintenance contracts.