

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting April 6, 2010

DATE: March 18, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director, Airport Operations
George England, Program Leader, Aviation Capital Improvement Program

SUBJECT: Parking System Replacement design at Airport Parking Garage (CIP # C800253).

This Request: \$460,000

Source of Funds: Airport Development Fund

Total Project Budget: \$9,777,000

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute and award an outside professional services agreement for design services; to perform contract administration; and to prepare procurement contracts for the Parking System Replacement Project (PSRP) at Seattle-Tacoma International Airport (Airport) in the amount of \$460,000. The total projected budget for this project is \$9,777,000.

SYNOPSIS:

This authorization is for a design contract only. Staff will return to Commission following completion of design to seek authorization for bid and award of the construction portion of the project. This project replaces the current Parking Revenue Control System (PRCS), which manages parking access and revenue collection in the Airport Parking Garage. The current system was installed as a Y2K solution, and after over 10 years of use, its manufacturer no longer fully supports the hardware and database technology that was used in the system. The system is well beyond the standard age for replacement. The system is also currently out of compliance with the Payment Card Industry/Data Security Standard (PCI/DSS). These standards provide security for payment card users and the banks from which their cards are issued. Failure to meet these standards could lead to fines and/or sanctions from Bank of America if the Port is not timely in, or chooses not to, update this system.

In 2009, the system processed over two million transactions, which resulted in \$48 million in revenue. The Port's existing system has a number of limitations, including PCI/DSS compliance gaps, inflexible reporting features, limited rate setting flexibility, and aging components. The current system does not allow the Port to take advantage of new features such as desktop validations, interoperability with Washington State Department of Transportation's (WSDOT)

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Good2Go tolling system, new reporting instruments, proximity card reading, and future expansion of other parking products.

The new PSRP will replace the current operating system software, server hardware, and field equipment. The current system was installed in 1999 and has not undergone a significant hardware or software upgrade in that time period.

BACKGROUND:

There are a number of problems facing the Port due to the obsolescence of the current revenue control system. PCI standards have changed substantially since the current system was developed. The Port of Seattle is considered a Level 2 Merchant, based on the number of credit card transactions we process. Credit card transactions require credit card numbers, and secure transmission and storage of this credit information is a critical component of any revenue control system. Current PCI standards require encryption of credit card information; the Port's existing revenue control system does not encrypt credit card information, resulting in the Port being non-compliant. The Port's ICT department has been working with independent consultants since 2007 to identify compensating controls to mitigate PCI compliance issues, and Aviation Maintenance was tasked with implementing them. The Port must receive formal approval of a plan (that includes interim compensating measures, the scope of the system replacement, and the schedule for authorizations by the Port Commission) from the banking industry before December 31, 2010, to ensure they accept the Port's plan to replace the PRCS by the end of 2011 to avoid banking industry sanctions.

System reporting has also proven problematic. Although the revenue control system came with a number of default reports, they have proven inadequate for the type of analysis necessary to manage and plan the Airport's evolving parking products. Staff has frequently needed to develop programs or custom work-around reports in-house to obtain useable data from the system. The new project would address system reporting and audit support deficiencies.

Rate setting is difficult with the existing revenue control system. One of the Port's goals is to have a system that can be easily manipulated to generate reports without extensive scripting or intervention into the system software. The Port would like to take advantage of new technology to remove barriers to customer service. For example, Radio Frequency Identification (RFID) technology like WSDOT's Good2Go tolling system is compatible with many new revenue control systems.

In summary, the PSRP will update the way credit card information is stored on Port systems and enhance the Port's ability to manage parking products and expand capacity.

PROJECT DESCRIPTION/SCOPE OF WORK:

Project Statement:

Project will replace the PRCS at the Seattle-Tacoma International Airport's Parking Garage.

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Project Objectives:

- Control capital costs and minimize operating costs
- Have a PCI/DSS compliant system that readily accommodates future credit card payment industry requirements
- Allow for flexible reporting capabilities
- Provide tariff setting flexibility that maximizes revenue
- Provide WSDOT tolling system interoperability
- Maximize use of existing infrastructure to reduce environmental impact
- Maintain operation of existing system until replacement system is fully operational

Scope of Work:

The PSRP will include the following elements:

- Testing of system infrastructure not scheduled to be replaced
- Design of software to meet business and audit requirements, civil, infrastructure and equipment needs and specifications
- Procurement of a systems supplier
- Removal and replacement of existing outdated software, servers, ticket issuers, pay-on-foot machines

This requested action authorizes procuring design services for the PSRP. A future Commission action will request the authority to advertise for bids and construct the project.

STRATEGIC OBJECTIVES:

This project supports the Port's strategy to "Ensure Airport Vitality" and to "Exhibit Environmental Stewardship through our Actions."

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary

This budget and authorization summary is for the Parking System Replacement Project (CIP # C800253):

Original Budget	\$9,777,000
Budget Increases	\$0
Budget Transfers	\$0
Revised Budget	\$9,777,000
Previous Authorizations	\$0

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Current request for Authorization	\$460,000
Total Authorizations, including this request	\$460,000
Remaining Budget to be Authorized	\$9,317,000

<u>Project Cost Breakdown</u>	<u>This Request</u>	<u>Total Project</u>
Contractor Cost		\$6,547,000
Sales Tax		\$730,000
Outside Professional Services	\$231,000	\$231,000
Port Costs	\$229,000	\$2,269,000
Total	\$460,000	\$9,777,000

Source of Funds

The PSRP (CIP # C800253) is included in the 2010-2014 capital budget and plan of finance as a business plan prospective project. The source of funds for this project is the Airport Development Fund.

Financial Analysis Summary

The Airport Main Parking Garage's revenue control system processes two million transactions annually, which resulted in \$48 million in revenue in 2009. The current system has been in service for 10 years and does not meet current PCI standards. Failure of the Port system to meet these standards in a timely fashion may result in fines of \$25,000 to \$50,000 per month. Parking revenues are expected to grow with the addition of two floors of parking when the rental car companies vacate the Airport Parking Garage in 2012 and with the development of specialty parking programs, such as reserved parking and special event parking driven by the advent of LINK light rail service to the Airport. The Airport needs a system that can be adapted to this increase in capacity, transactions, programs, and revenue.

The PSRP is categorized as a Renewal/Replacement project.

<i>CIP Category</i>	Renewal/Enhancement
Project Type	Renewal & Replacement
Risk adjusted Discount rate	N/A
Key risk factors	Time span and phasing of construction
Project cost for analysis	\$9,777,000
Business Unit (BU)	Operations, Landside
Effect on business performance	NOI after depreciation will decrease due to asset depreciation

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IRR/NPV	N/A
CPE Impact	None

ECONOMIC IMPACTS:

The Airport Parking Garage is a primary revenue source for the Port of Seattle. The Airport Parking Garage generated \$48 million in 2009 for the Port, which Port staff strives to increase through innovative parking tariff strategies and garage capacity enhancements. Having an up-to-date, flexible, and smoothly functioning revenue control system is central to maximizing revenue and minimizing operating costs, while ensuring that there are no disruptions to travelers who seek convenient parking at the Airport.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

The PSRP will be reusing as much of the current system's communication and power infrastructure as possible. The project will also specify that vendors must use the existing mounting bases for the ticket issuers and pay-on-foot machines. Reuse of these components is in keeping with Port environmental policy as it reduces long-term capital costs, is environmentally sustainable, and uses existing resources.

TRIPLE BOTTOM LINE SUMMARY:

The PSRP restores full functionality to a valuable Port asset, allows the Airport Parking Garage asset to expand its revenue generating capacity, and utilizes existing Port infrastructure in a manner that reduces project costs. This approach will reduce PSRP development costs, minimize the environmental impact of updating the system, and allow the system to comply with the most current credit card industry standards.

PROJECT SCHEDULE:

The following is a list of key milestone dates for the PSRP.

Design Procurement	April-June 2010
Design Start	June 2010
Design Complete	December 2010
Bid Advertisement	January 2011
Construction Start	May 2011
Construction Complete	November 2011

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ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

Alternative 1: Replace Existing System - This option would replace the existing operating system software, network hardware, pay-on-foot machines, and ticket issuers. This option will maximize the re-use of existing infrastructure and wiring. Additional features would be added including WSDOT's Good2Go RFID reader technology, remote electronic parking validation, new reporting features, and proximity card readers. This solution would provide the ability to easily update the system to comply with future changes in PCI requirements and allow for future capacity and parking product expansion. This is the recommended alternative.

Alternative 2: Do Nothing – The existing Scheidt and Bachman (S&B) revenue collection system is functionally out of date with industry standards. Repeated attempts to upgrade the existing system through software patches are no longer effective because they are not able to keep pace with the latest PCI security or payment processing requirements. The Port has been informed that it could face fines or be dropped as a credit card merchant if the existing system is not replaced. This is not the recommended alternative.

Alternative 3: Software Upgrade Only - This option would theoretically upgrade software and network hardware to comply with PCI requirements for data storage and credit card handling. In 2006, a project was initiated by ICT to upgrade the S&B system software and servers for PCI compliance. This project was shelved due to a combination of factors including the limited management capabilities of the aging S&B system and direct costs associated with a major upgrade. Since 2006, PCI compliance measures have grown in number and complexity. The S&B system no longer has the capability of being patched to meet the latest PCI compliance standards, and has become functionally obsolete. Also, many of the existing field devices would not be PCI compliant going forward, inevitably resulting in the replacement of the PRCS. Finally, the upgraded system would not allow interoperability with the WSDOT tolling system. This is not the recommended alternative.

PREVIOUS COMMISSION ACTION:

There are no previous Commission actions on CIP # C800253.

ATTACHMENTS:

None.