

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

CORRECTED COPY

Date of Meeting March 8, 2011

DATE: March 8, 2011

TO: Tay Yoshitani, Chief Executive Officer

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

SUBJECT: Parking System Replacement Procurement and Construction Management at Seattle-Tacoma International Airport Main Parking Garage (CIP # C800253).

Amount of This Request: \$9,317,000

Source of Funds: Airport Development Fund

Total Cost of Project: \$9,777,000

Sales and Local Taxes Paid: \$730,000

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to (1) amend outside professional services agreement with Kimley-Horn and Associates from \$304,968 up to a total of \$642,000 for support during installation, inspection, testing and commissioning services; (2) perform contract administration; and (3) execute a purchase contract for a new Parking Revenue Control System (PRCS) at Seattle-Tacoma International Airport (Airport). Total value of this request is \$9,317,000, bringing the total authorized amount to \$9,777,000. Staff determined this project is not a public works construction project. In accordance with RCW 53.19.060, this memorandum constitutes notification to the Commission that the amended amount of this contract exceeds 50% of the original not to exceed contract value.

SYNOPSIS:

This project replaces the current Parking Revenue Control System installed in 1999 that manages parking access and revenue collection in the Airport's Main Parking Garage. The replacement PRCS will be installed by the system supplier and address a number of limitations in the existing system that include difficult reporting features, Payment Card Industry Data Security Standard (PCI/DSS) compliance problems, limited rate setting flexibility, and aging components. The replacement system will allow the Port to take advantage of new features such as desktop validations, GoodToGo! region-wide tolling compatibility, and proximity card reading. The installation is included in the purchase contract and will reuse the existing system's power and communications connections, and equipment mounting locations. Staff determined this project is not a public works construction project; the installation portion is estimated to only be about 2.5% of the project's overall budget and considered incidental.

With the approval of this authorization, the Kimley-Horn design contract will be amended to include system selection, PCI certification, construction engineering, and commissioning

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 2 of 7

support. While a contract amendment for additional fee and scope was anticipated from the outset for these tasks, a revamped and more rigorous PCI certification effort during the manufacturing process will add cost beyond what was originally anticipated during contract negotiations. This will raise the contract amount from \$304,968 to \$640,661. In accordance with RCW 53.19.060, this memorandum constitutes notification to the Commission that the amended amount of this contract exceeds 50% of the original not to exceed contract value. This memorandum will be placed on file for public inspection at the Port's bid desk.

BACKGROUND:

The existing revenue control system was purchased and installed in 1999 as part of the expansion of the Airport's Main Garage. Developed by Scheidt and Bachman (S&B), the system enhanced the parking experience through automation. The Port introduced pay-on-foot machines and gave customers the ability to pay for parking with a credit card at all Toll Plaza exit lanes. Overall the system has been a success, but no longer provides the type of functionality required in a modern airport parking environment.

This project will provide a state-of-the-art system based on current equipment and electronic technologies as well as banking/credit card industry standards. For instance, Payment Card Industry standards have changed substantially since the existing system was installed. Current PCI/DSS standards require advanced encryption of credit card information. The Port's existing revenue control system is not capable of advanced encryption and is currently considered non-compliant. The Port's Information & Communications Technology and Aviation Maintenance departments have worked to mitigate the issue. However, in order to avoid banking industry sanctions, the Port must present a formal plan that includes interim controlling measures, the scope of the system replacement, a schedule indicating the timely replacement of the existing system, and any authorizations by the Port Commission.

Other problems with the current system relate to business functions such as rate setting, reporting, and various payment or marketing features (e.g., customer discount coupons and contactless payment cards). Adjusting parking rates and tax rate settings is difficult with the existing system, often requiring coding and considerable staff time to make minor adjustments. Another 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, which is currently necessary. Although S&B originally developed a number of default reports, they have proven inadequate for the type of analysis necessary to manage the Airport's parking products. Staff has frequently needed to develop programs or custom work-around reports in-house to obtain useable data from the system. Coupons and gift cards with declining balances can be used with S&B, but they require manual input and cannot utilize the automated features that customers have come to enjoy.

Changing parking rate settings quickly is difficult with the existing revenue control system, but will be improved with the replacement system. The Port would like to take advantage of emerging technologies, such as contactless fare cards, remote ticketing using bar code readers, and Radio Frequency Identification (RFID) technology as used in the Washington State Department of Transportation's (WSDOT) GoodToGo! tolling system.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 3 of 7

In summary, the project will update the way credit card information is processed on Port systems and enhance the Port's ability to manage and market its parking products.

PROJECT DESCRIPTION/SCOPE OF WORK:

Project Statement:

Project will replace the revenue control system at the Airport Main Garage.

Project Objectives:

- Control capital costs and minimize operating costs
- Provides 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
- Incorporate technological compatibility and interoperability
- Maximize use of existing infrastructure
- Allow operation of existing and new system during start up of replacement system

Scope of Work:

The project will include the following elements:

- Existing elements of PRCS infrastructure not scheduled to be replaced will be tested to insure proper functioning
- Design and installation of interim controlling measures to ensure compliance with credit industry standards until new system is installed
- Development of civil engineering, infrastructure and equipment needs and specifications
- Design of system software to meet business and audit requirements
- Selection of a systems supplier
- Removal and replacement of existing outdated software, servers, ticket issuers, pay-on-foot machines, toll plaza hardware by the selected system supplier
- The Port will maintain ownership and control of the discarded elements of the PRCS.
- Extensive systems testing for operational and PCI/DSS compliance

The requested action authorizes an amendment to an outside professional services agreement to facilitate procurement support, inspection, testing and commissioning services, performance of contract administration by Kimley-Horn and Associates; preparation of contract documents and advertisement of a request for proposals by Port staff, and procurement and installation of a new PRCS by a system provider.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 4 of 7

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 (CIP # C800253):

Original Budget	\$9,777,000
Budget Increases	\$0
Budget Transfers	\$0
Revised Budget	\$9,777,000
Previous Authorizations	\$460,000
Current request for Authorization	<u>\$9,317,000</u>
Total Authorizations, including this request	\$9,777,000
Remaining Budget to be Authorized	\$0

Project Cost Breakdown

This Request

Total Project

Equipment & Installation Cost		\$6,547,000
Sales Tax		\$730,000
Outside Professional Services		\$231,000
Port Costs		\$2,269,000
Total	\$9,317,000	\$9,777,000

Source of Funds

The Parking System Replacement Project (CIP # C800253) is included in the 2011-2015 capital budget and plan of finance as a committed project. The source of funds for this project, as identified in the plan of finance, is the Airport Development Fund.

Financial Analysis Summary

The Airport Main Parking Garage revenue control system processes over two million transactions annually, generating \$48,309,736 in revenue in 2010. The current system has been in service for 12 years and is having increasing difficulty meeting current PCI/DSS standards. The Port's PRCS is a principal contributor to the PCI/DSS governed transactions processed by the Port. Failure of any portion of the Port's financial system to meet PCI/DSS standards in a timely fashion could lead to fines ultimately being levied on the Port. Parking revenues are

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 5 of 7

expected to grow over time with the development of new parking products and the flexibility afforded by two floors of additional parking when the Rental Car Facility opens in mid-2012 and rental car companies vacate the garage.

The PRCS is categorized as a Renewal/Replacement project.

<i>CIP Category</i>	Renewal/Replacement
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)	Landside
Effect on business performance	Will preserve existing revenues, facilitate revenue growth, and reduce O&M costs.
IRR/NPV	N/A
CPE Impact	None, Not Applicable

OPERATION & MAINTENANCE IMPLICATIONS:

Aviation Division annual O&M for continued operation of the existing S&B system are estimated at \$800,000 with a projected 3% increase in the following years. A goal of the project is to procure a PRCS with lower O&M costs. Fewer pay-on-foot machines will be deployed, reducing the number of machines that would potentially need to be serviced, powered, and restocked.

ECONOMIC IMPACTS:

The Main Parking Garage provides a primary revenue source for the Port of Seattle. The garage generated over \$48 million in 2010, a number that Port staff expects to increase over time 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.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

The project will be re-using 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 locations for the ticket issuers and pay-on-foot machines. Re-use of this existing infrastructure is in keeping with Port environmental policy as it reduces long term capital costs, is environmentally sustainable, and uses existing resources.

Reduction in the number of pay-on-foot machines will reduce the electricity used by the system, and paper ticket stock inventories may be able to be reduced.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 6 of 7

TRIPLE BOTTOM LINE SUMMARY:

The PRCS enhances functionality of a valuable Port asset, allows the Main 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 project development costs, minimize the environmental impact of updating the system, and allow compliance with the most current industry standards.

PROJECT SCHEDULE:

The following is a list of key project milestone dates:

Bid Advertisement	April 2011
Construction Start	June 2011
Construction Complete	December 2011-March 2012

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 attempt to maximize re-use of existing infrastructure and wiring. Additional features would be added including GoodToGo! 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 future changes in PCI/DSS requirements and allow for future capacity and parking product expansion. **This is the recommended alternative.**

Alternative 2: Do Nothing – The existing 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, as they are not able to keep pace with the latest PCI/DSS security or payment processing requirements. The Port has been informed that it could face punitive action or be dropped entirely as a credit card merchant if the existing system is not replaced. **This is not the recommended alternative.**

Alternative 3: Upgrade Software Only - This option would upgrade software and network hardware to comply with PCI/DSS requirements for data storage and credit card handling. In 2006, a project was initiated by Airport Operations to upgrade the S&B system software and servers for PCI/DSS compliance. This project was shelved due to a combination of factors including the limited management capabilities of the aging S&B system direct costs associated with a major upgrade, and existing field devices that could not be made PCI/DSS compliant, making future replacement inevitable. In addition, the existing system would not allow interoperability with the WSDOT GoodToGo! system. **This is not the recommended alternative.**

PREVIOUS COMMISSION ACTION:

On April 6, 2010, the Commission authorized \$460,000 for the execution and award of an outside professional services agreement for design services to prepare procurement specifications for the PRCS.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 8, 2011

Page 7 of 7

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

No Attachments