



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
June 22, 2010

Honorable Mayor and
Members of the City Council

Title: Supplemental Agreement: Parking Administration and Revenue Control System Upgrade and Maintenance

Location/Council District: Central City (Districts 1 and 3)

Recommendation: Adopt a **Resolution:** 1) suspending competitive bidding as in the best interests of the City; and 2) authorizing the City Manager to execute the Third Amendment to City Agreement No. 2000-094 with Scheidt & Bachmann USA, Inc. for the upgrade of the parking administration and revenue control system and maintenance services of the system for up to six years, for an amount not to exceed \$1,858,100.

Contact: Eric Rosander, IT Security, 808-1569
Howard Chan, Parking Services Division, 808-7488

Presenters: None

Department: Information Technology/Transportation

Division: IT Security/Parking Services

Organization No: 15001211

Description/Analysis

Issue: The City's Parking Administration and Revenue Control System (PARCS) has been in operation since 2000 in eight City parking garages and has worked well for the City. However, the existing system does not meet current Payment Card Industry Data Security Standards (PCI-DSS) exposing the City to financial loss and liability as a result of possible credit card theft.

In addition, key hardware components are no longer being manufactured, and all underlying software modules are older versions not supported by software suppliers. Sustaining system reliability is difficult because hardware replacements are not available or if available, do not work with older hardware; expertise in older software is limited; and support from the vendor is restricted due to security concerns. Whenever the system is down, there is the potential for loss of revenue.

Policy Considerations: The action requested is consistent with Sacramento City Code and with the City's Strategic Plan goal of improving the transportation system. The vendor is a leading provider of PARCS technology and has a substantial North American customer base. Changing to another vendor would require initial estimated funding of over \$4 million, substantially exceeding the upgrade costs in the Third Amendment.

Environmental Considerations:

California Environmental Quality Act (CEQA): This Service and Maintenance Agreement extension is not subject to the provisions of the California Environmental Quality Act (CEQA) under the general rule (Section 15061 (b)(3)) that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

Sustainability Considerations: This action supports the City of Sacramento's sustainability goals to improve and optimize transportation infrastructure.

Other: None

Commission/Committee Action: Not Applicable

Rationale for Recommendation: The Parking Administration and Revenue Control System (PARCS) is integrated hardware and software technology that controls and monitors the entering and exiting of vehicles, and the payment and collection of parking fees. PARCS was purchased from Scheidt & Bachmann (S&B) in 2000 and is in operation in eight City garages.

The City's version of the system has a number of shortcomings and security issues. One of the more critical concerns is that the system does not meet current Payment Card Industry Data Security Standards (PCI-DSS) therefore putting the City at risk for credit card number theft along with subsequent liability and financial loss.

Anytime the system is down, there is the potential for revenue loss. S&B provides on-site maintenance for the hardware and limited support for the software. Due to security issues with older hardware, the vendor does not have remote access to the system which delays resolution of software problems. Within S&B, knowledge of old versions of the software is decreasing as their customers upgrade to current software. The time to respond to problems has increased substantially in the past two years.

Although the software itself is supported by the vendor, much of the underlying software such as the Oracle database and hardware operating systems are discontinued versions no longer supported by the suppliers. City staff spend twenty-five hours per week maintaining this software.

The computer modules that control the gates, card readers, and transmit the information to central servers are proprietary to S&B and are no longer being manufactured by them. When these devices fail to operate, replacement parts are not available and are salvaged from other customers. Newer hardware is not

compatible with the old system. In addition, the card readers at the gate, which can function in “stand-alone” mode, have limited local storage capacity so that information is often lost when there are network down times. The keycards that were purchased with the original system are no longer industry standard, slow to respond at entry and exit, and expensive to replace.

PARCS is responsible for tracking, auditing and accounting for over 3.6 million transactions per year and \$18 million dollars in revenue. Parking staff process more than \$9 million in transient revenues annually and \$2.5 million of them are credit card transactions. The capability to create audit and tracking reports is a very manual process, so City technical staff spend many hours developing and producing the manual reports to reconcile revenue. Much of the revenue tracking is done manually and/or by rekeying information into spreadsheets or other PC-based software.

The replacement of obsolete hardware and the upgrade of the software is intended to address these shortcomings and issues described above. The most current version of software has been rewritten, continues to be enhanced, and will provide improved security, significant savings of staff time and access to information when implemented at the City.

Financial Considerations: The total not-to-exceed costs for the upgrade and annual maintenance are \$1,858,100 and are as follows:

Not to Exceed One-Time Upgrade Costs

Upgrade Hardware Components	\$346,682
Replacement Software Licenses	\$177,632
Implementation Services and Training	\$140,705
<u>Parts</u>	<u>\$200,000</u>
Total One-Time Costs	\$865,019

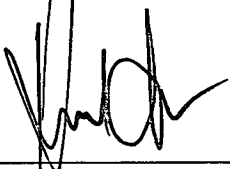
Not to Exceed Maintenance Costs

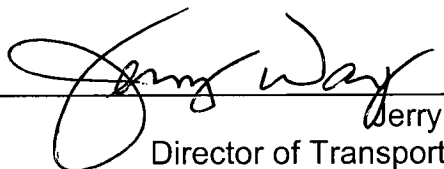
Annual Maintenance – Year 1	\$146,000
Annual Maintenance – Year 2	\$153,300
Annual Maintenance – Year 3	\$160,965
Annual Maintenance – Year 4	\$169,013
Annual Maintenance – Year 5	\$177,464
<u>Annual Maintenance – Year 6</u>	<u>\$186,338</u>
Total Maintenance Costs	\$993,080


Funds are available in the Parking Services Division, Off-Street Parking operating budget (Fund 6004). There are no General Funds planned or allocated for this action.

Emerging Small Business Development (ESBD): Scheidt & Bachmann is not certified as an emerging/small business.

Respectfully Submitted by: 
Eric Rosander
IT Security


Howard Chan
Parking Services Manager

Approved by: 
Jerry Way
Director of Transportation


Cassandra Jennings
Assistant City Manager/Interim CIO

Recommendation Approved:

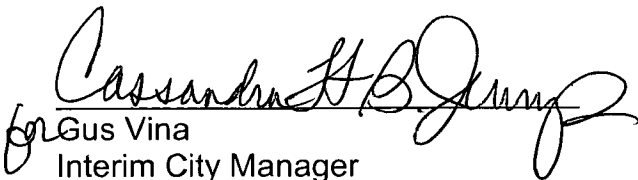

Gus Vina
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

PARKING ADMINISTRATION AND REVENUE CONTROL SYSTEM UPGRADE AND MAINTENANCE AGREEMENT

BACKGROUND

- A. From November 1998 to March 1999, a revenue control needs assessment was undertaken by Parking Consultancy Services. The study advised that the Parking Administration and Revenue Control System (PARCS) for the City's parking garages was approaching obsolescence and lacked the centralization and flexibility offered by modern technology. A Request for Proposal (RFP) was released to assess products and systems.
- B. On June 27, 2000, in Resolution 2000-453, City Council awarded a 10 year contract (City Agreement No. 2000-094) to Scheidt & Bachmann USA, Inc. (S&B), in an amount not to exceed \$3.0M to replace the City's parking garage revenue control equipment.
- C. On August 7, 2001, in Resolution 2001-573, City Council approved the First Amendment to City Agreement No. 2000-094 in an amount not to exceed \$498,430.85 to install the system at the Memorial Garage.
- D. On May 27, 2003, the City Manager approved the Second Amendment to City Agreement No. 2000-094 to add and/or upgrade components to the system in an amount not to exceed \$196,754.47.
- E. In December 2004, after a period of installation and performance testing, the City's Parking Services Division formally accepted the parking revenue control system. Service and maintenance was under warranty.
- F. On May 30, 2006, in Resolution 2006-388, City Council approved the first of two options to extend the term of the service and maintenance of the system for three years at a total cost of \$393,904.88.
- G. On July 28, 2009, in Resolution 2009-495, City Council approved the second of two options to extend the term of the service and maintenance of the system for one year at a cost not to exceed \$264,645.24.
- H. It is in the best interests of the City to suspend competitive bidding because Scheidt & Bachmann's technology has served the City well for the last 10 years. The vendor is a leading provider of PARCS technology and has a substantial North American customer base. Changing to another supplier would require initial

estimated funding of over \$4 million, easily exceeding the upgrade costs in the Third Amendment.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interest of the City to suspend competitive bidding and competitive bidding is hereby suspended.

- Section 2. The City Manager is authorized to execute the Third Amendment to City Agreement No. 2000-094 with Scheidt & Bachmann USA, Inc. in an amount not to exceed \$1,858,100 to replace obsolete parking control hardware, to install upgraded software, to train staff in system operations, and to maintain the system for up to six years.