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ADMINISTRATIVE REPORT

Report Date: September 4, 2012
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Meeting Date: September 18, 2012

TO: Vancouver City Council
FROM: General Manager of Engineering Services
SUBJECT: Payment by Phone for Parking Meters - Award of Contract

RECOMMENDATION

- A. THAT Council authorize a contract with PAYPOINT PLC for the provision of a payment by phone service for parking meters in the City for a period of three years with an estimated contract value of up to \$4,000,000 and funded through the annual Operating Budget process (and may be extended by the mutual written agreement of the parties for two additional 1-year periods) subject to the conditions set out in Recommendations B and C and a contract satisfactory to the General Manager of Engineering Services, Director of Legal Services and the Chief Purchasing Official.
- B. THAT the Director of Legal Services be authorized to execute and deliver, on behalf of the City, all legal documents required to implement Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such legal documents are executed and delivered by the Director of Legal Services.

REPORT SUMMARY

The City's current payment by phone for parking meters contract (which includes web and smartphone payment) will expire in October 2012. An RFP for a hosted solution on a 3-year basis was issued earlier this year to ensure that this service continues uninterrupted. This report recommends award to the incumbent vendor, PayByPhone.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The policy of Council is to award contracts for the purchase of equipment, supplies and services that will give the highest value based on quality, service and price. Contracts with a value over \$2 million are referred to Council for approval.

In 2005, Council approved North America's first payment by phone service for parking meters and awarded a contract for the delivery of that service to Verrus Mobile Technologies Inc., now called "PayByPhone", whose parent company is PAYPOINT PLC.

REPORT

Background/Context

Payment by Phone ("PBP") service was first introduced to City streets in 2006. The service offers a number of benefits including added convenience to the parking public, reduced operating costs, less wear and tear on meter equipment, and additional data collection capabilities. Today, PBP revenues account for about 20% of total meter revenue city-wide. In 2012, we anticipate approximately \$45M in gross meter revenue, about \$10M of which through PBP transactions.

Our current PBP contract will expire in October 2012. An RFP for a hosted solution on a 3-year basis (with two optional 1-year extensions) was issued earlier this year to ensure that this service continues uninterrupted. There has also been significant innovation in this field, in particular with the development of smart phone applications, quick-recognition bar codes and near-field communications technology so it is timely that the City revisit the market.

Strategic Analysis

Five vendors responded to the RFP. The evaluation team shortlisted 3 of the 5 vendors based on the strict requirements of the RFP and proceeded to score those proposals in accordance with the evaluation criteria. The following 12 areas were evaluated:

- Company Profile
- Key Personnel
- Experience
- Service Agreement
- Customer Service
- Implementation
- Integration
- Technical Requirements
- Marketing
- Risk Allocation
- Financial Model
- Value Added Services

PayByPhone scored highest in each of the 12 evaluation categories. Their response proposed a work plan that clearly demonstrates the requisite experience, addresses the City's requirement to innovate and continues to provide a high level of service to the parking public. They have a local office and considerable Canadian experience. As the incumbent vendor, there are reduced risks related to integration, schedule and customer experience. PayByPhone also offers the lowest projected transaction costs (lower than current rates).

Financial

Payment by phone encourages compliance at the meter by offering a convenient alternative to coin payment and results in increased meter revenue.

Growth in PBP is tied to adoption rate (driven by convenience, innovation, marketing, etc.) and growth in the parking meter system itself (number of metered spaces and rates). Based on past experience, planning for future growth in the meter system, and changes in meter technology, staff developed projections in order to better evaluate proposals and estimate a range for the total contract value.

Based on new pricing provided by PayByPhone, the growth projections result in a contract value in the range of \$3M to \$4M (including credit card processing fees) over the next three years. This represents a savings of \$200k to \$250k over the current contract pricing.

The cost of the service is accounted for in the operating budget.

CONCLUSION

In summary, the evaluation team recommends award to PayByPhone. The company had the highest overall evaluation score, scored highest in each category and offers the overall best value to the City. The services will be performed by the vendor as agreed upon within the Professional Services Agreement as supplied in the RFP.

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