



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 10/13/2015

ALL

Item Creation Date: 9/25/2015

ARA-T2 Systems, Inc. - Parking Meter Contract

Agenda Item#: 27.

**Summary:**

AN ORDINANCE APPROPRIATING \$1,998,115.80 OUT OF REIMBURSEMENT OF EQUIPMENT/PROJECTS FUND AS AN ADDITIONAL APPROPRIATION FOR THE CONTRACT AND APPROVING AND AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF HOUSTON AND T2 SYSTEMS CANADA INC. FORMERLY KNOWN AS DIGITAL PAYMENT TECHNOLOGIES CORP., ORIGINALLY APPROVED BY ORDINANCE NO. 2012-0096, FOR PARKING PRODUCTS AND ASSOCIATED SOFTWARE, LICENSES, INSTALLATION, AND MAINTENANCE SERVICES FOR THE ADMINISTRATIVE AND REGULATORY AFFAIRS DEPARTMENT; APPROVING AND AUTHORIZING A FIRST AMENDMENT TO ORDINANCE NO. 2012-0096 TO INCREASE THE MAXIMUM CONTRACT AMOUNT; CONTAINING PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EMERGENCY.

**Background:**

The Director of the Administration and Regulatory Affairs Department and the City Purchasing Agent recommend that City Council approve an ordinance appropriating \$1,998,115.80 out of the Reimbursement of Equipment/Projects Fund (1850). The reimbursement of Fund 1850 will come from parking meter revenues collected in Fund 8700.

Additionally, it is also recommended that City Council approve the ordinance to authorize the first amendment to the sole source contract between the City of Houston and T2 System Inc., (formerly known as Digital Payment Technologies Corp) to increase the maximum contract amount from \$7,279,501.00 to \$13,885,322.00 and to extend the contract term to expire five years after the First Amendment Countersignature Date for parking meter multi-space, solar pay station warranties, spare parts, and pay station purchase price options for the Administration and Regulatory Affairs Department.

The contract was awarded on February 1, 2012 by Ordinance No. 2012-96 for a five-year term in the original amount of \$7,279,501.00. Expenditures as of October 7, 2015 were \$3,900,288.99.

Over the last nine years, ARA's Parking Management division installed 1,054 multi-space pay stations to replace single-space, coin-only meters. The solar-powered pay stations allow for real-time credit card transactions, accept credit cards as well as bills and feature customer-friendly technologies that enhance the customer's parking experience. Since the installation, meter revenues have increased from \$3.6 million in FY08 to \$7.4 million in FY15. In addition, customer service has improved due to the increased functionality and the added option of paying for parking with bills, coins or credit card.

Currently, 550 pay stations are nearly ten years old and approaching their end-of-life. Due to their outdated software, these meter pay stations must be replaced before December 2016 or will no longer be able to accept and process credit card transactions. Under the scope of this amendment, T2 will provide fixed, advantageous pricing for the purchase of up to 1,500 meter pay stations. The amendment also includes extended warranties, spare parts, back office software licenses and hosting services for the City's future and existing inventory of meter pay stations.

The extended warranties cover defective parts and provide for a one-for-one exchange of the part. Additionally, the warranty provides continued technical support for the duration of the warranty period of five years and includes troubleshooting and programming assistance.

The back office software and hosting allow for programming and reporting features to better manage the meter pay stations. The hosting service will ensure that credit card processing at the pay stations is Payment Card Industry (PCI) compliant. T2 is a Level 1 Service Provider under the PCI-Data Security Standard (PCI-DSS). Hosting also ensures sufficient monitoring of the meter pay station communication with the back office software to ensure revenues are properly accounted for and that maintenance alerts are consistent.

The new pay stations offer a new "extend-by-phone" feature, which allows a customer to enter their cell phone number at the meter pay station to receive text alerts and pay for additional parking when paying by credit card. They also feature "pay-by-plate" functionality, which will eliminate the need for customers to pay and return to their vehicle to display a physical receipt on their dashboard. Under "pay-by-plate", Parking Compliance Officers will receive notifications in their handheld units that a vehicle has paid using the plate number when a receipt is not displayed. Improved financial controls include electronic locks on the collection cabinet that are programmable to track who is opening the meter pay station at any time.

T2 is the global sole-source provider of the meter pay stations deployed by the City of Houston, and likewise is the sole-source provider of the goods and services to be delivered pursuant to the scope of this contract. This sole source and contract extension recommendation is made pursuant to Chapter 252, Section 252.022(a)(7)(A) of the Texas Local Government Code for exempt procurements.

This contract will be funded by the ARA Parking Management Fund 8700 for operating expenses and Fund 1850 (Reimbursement of Equipment/Projects Fund) for capital expenses. The table below breaks down contract cost by fiscal year. The table breaks down the purchase of 276 new meter pay stations per fiscal year starting in FY16. All future installations will be subject to a stakeholder review process. The breakdown of the costs by fiscal year is as follows:

| Item   | FY16                   | FY17-FY21            | Total by item        |
|--|------------------------|----------------------|----------------------|
| Extended Warranties                              | \$ -                   | \$1,458,732.00       | \$ 1,458,732.00      |
| Operation Spare Parts                            | \$ 84,000.00           | \$ 576,000.00        | \$ 660,000.00        |
| Back Office Software/Hosting                     | \$ 63,240.00           | \$1,257,600.00       | \$ 1,320,840.00      |
| Parking Meter Refresh - up to 1,500 pay stations | \$ 1,998,115.80        | \$8,001,884.20       | \$10,000,000.00      |
| Network  | \$ 13,750.00           | \$ 432,000.00        | \$ 445,750.00        |
| <b>TOTAL</b>                                     | <b>\$ 2,147,105.80</b> | <b>\$ 11,726,216</b> | <b>\$ 13,889,322</b> |

Attachment: MWBE Zero-Percentage Goal Document approved by The Office of Business Opportunity. This recommendation is made pursuant to Chapter 252, Section 252.022(a)(7)(A) of the Texas Local Government Code for exempted procurements.

Departmental Approval Authority:



Tina Paez, Director  
Administration & Regulatory Affairs  
Department

Other Authorization

**Prior Council Action:**

Ordinance # 2012-96, approved by City Council on February 1, 2012

**Amount of Funding:**

\$1,998,115.80 - REIMBURSEMENT OF EQUIPMENT/PROJECTS FUND (1850)  
\$160,990.00 - PARKING MANAGEMENT OPERATING FUND (8700)

**Contact Information:**

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**ATTACHMENTS:**

| Description  | Type                        |
|--|-----------------------------|
| <u>ARA-T2 Systems, Inc. - Parking Meter Contract RCA (revised)</u> | Signed Cover sheet          |
| <u>T2 Systems OBO Goal Waiver</u>                                  | Backup Material             |
| <u>T2 Form A.pdf</u>   | Backup Material             |
| <u>T2 Systems Sales Quote</u>                                      | Backup Material             |
| <u>T2 Parking Meter Contract Extension SRO</u>                     | Financial Information       |
| <u>T2 Affidavit of Ownership</u>                                   | Backup Material             |
| <u>ARA-T2 Systems, Inc. - Parking Meter Contract ORD (revised)</u> | Ordinance/Resolution/Motion |