



The City of St. Louis

Response to Request for Proposals for
Integrated Parking Management System

PRICING

November 22, 2013



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This response is presented by
Professional Account Management, LLC
a wholly owned and controlled subsidiary of Duncan Solutions, Inc.
For simplicity, we routinely refer to our company as
“Duncan Solutions” or “Duncan.”



PRICING

Duncan Solutions has been a proud partner to the City of St. Louis for more than 50 years, providing parking meter equipment, enforcement technology, and field operations services directly to the Treasurer’s Office in collaboration with our local partners, including certified Minority and Women Business Entities (M/WBEs).

With this procurement, Duncan has worked closely with our local partners as well as nationally recognized leaders specializing in integrated parking management technologies to develop a solution that we believe best meets the requirements of the Treasurer’s Office. Our solution comprises the best technology built on proven systems and equipment, all aligned to provide excellent customer service, consumer convenience, operator reliability, and optimal operating efficiency and financial performance.

The pricing provided in this document includes all aspects of technology and services offered in our technical proposal in four categories:

1. **Ticket processing and collections** technology, systems, and services, including the operation of a parking violations bureau that will receive walk-in payments
2. **Enforcement technology**, including a selection of advanced handheld Ticket Issuance Devices (TIDs) with modern wireless communications capabilities designed for real-time integration with other solution components and optimal performance management
3. **Meter equipment and systems**, featuring state-of-the art single-space and multi-space parking meters from leading manufacturers such as Cale, Digital, and Duncan, as well as options for integrated payment and permitting technologies from providers such as PassportParking, ParkMobile, and QuickPay (QP) which maximize customer convenience while promoting greater integration between on-street and off-street parking operations throughout St. Louis – including both government and commercially operated properties
4. **Meter and booting operations** management, which includes personnel, facilities, and equipment necessary to operate and maintain the meter site and perform booting operations throughout the City

Detailed, itemized pricing for each of these program components is provided in the sections below.

Ticket Processing and Collections

Duncan’s proposed solution includes comprehensive technology and services for processing parking tickets issued by the City of St. Louis, including Duncan’s hosted system, AutoPROCESS, configured precisely to the City’s environment, as well as services to support data entry, registered owner data acquisition, noticing, payment processing, customer service, and secondary collections services. Pricing for these services is provided in the table below.

Pricing Table: Ticket Processing and Collections	
Item Description	Cost per Unit
Price per Ticket Processed	\$2.99
Secondary Collections - Contingency Fee	25%

As an alternative to the Price per Ticket Processed, which reflects a full-service model, Duncan would be willing to lease the use of our AutoPROCESS system to the City for use by its own personnel or a third party to operate an in-sourced parking violations bureau program. The system lease price would be \$0.75 per ticket per month, which would include a fully configured system provided on a hosted basis, as well as registered owner data acquisition for all states which do not charge for data. This price would exclude services such as data entry, payment processing, noticing, postage, and customer service. Secondary Collections would still be available for a contingency fee of 25 percent.

Pricing options are based on the following key assumptions, as applicable:

1. At the conclusion of each yearly interval of this agreement, the per citation price (or the system lease price) is subject to increase by an amount equal to the Consumer Price Index (CPI). For purposes of calculating this adjustment, CPI is defined as the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U) for the St. Louis area during the 12 month period beginning July of the year before the year for which the Unit Cost is being calculated.





2. The Parking Supervisor agrees to reimburse the Contractor for the following costs incurred for the core primary collection services:
 - a. Postage at cost (bulk-rate whenever practical) for notices issued the core primary collection services
 - b. Credit-card discount fees (at Duncan's cost)
3. Pricing excludes costs for handheld enforcement and related technologies, as well as any other cost not specifically provided for herein.

Enforcement Technology

Duncan's proposed solution includes technology and services to provide and support enforcement technology including handheld Ticket Issuance Devices (TIDs) which the Treasurer's enforcement personnel will utilize to issue parking tickets. This solution component includes the use of Duncan's hosted AutoISSUE system, forty (40) ruggedized TIDs selected from options that include Motorola and Casio, as well as charging stations, accessories, wireless communications, and ongoing maintenance and support for all infrastructure and devices. Wireless communications per device feature a robust data plan providing up to 50MB of data per month per device. Pricing for these services is provided in the table below.

Pricing Table: Enforcement Technology			
Item Description	Cost per Unit per Month	Units	Total Monthly Cost
Handheld Ticket Issuance Devices, including hosted system, equipment, accessories, communications, and ongoing support	\$250.00	40	\$10,000.00

Meter Equipment and Systems

Equipment and Service Options and Alternatives

Across our portfolio of projects, Duncan has worked with dozens of equipment manufacturers, service providers, value-added re-sellers, program operators, and technology integrators in a variety of ways – as a Prime Contractor, as a peer vendor to a common client, and even as a technology integrator. We are pleased to include in our proposal several service providers that we believe offer the best features and the best value in the marketplace, and who bring experience and a commitment to quality and innovation that rivals our own.

Our proposal includes three advanced parking meter technology options, three mobile payment options, and a variety of specific optional features within each category. While comprehensive pricing menus are available for City review upon request, we provide below summaries of the most likely features, unit prices, and option costs for each technology solution.

Duncan Liberty Single-Space Credit Card-enabled Parking Meter

The Duncan Liberty is an advanced single-space meter that utilizes solar power and can accept payments via coin, credit/debit cards, smart cards, or mobile device. Unit pricing is presented in the table below.

Meter Technology Option Pricing Table: Duncan Liberty Single Space Meter			
Description	Cost per Unit based on Volume		
	1-500	501-2,500	2,501+
Base unit cost	\$465	\$445	\$425
Shipping & Installation	\$35	\$35	\$35

In addition, the following additional fees and exceptions apply:

- \$45.00 per unit per year for extended warranty for maintenance and support (after the first year only – first year warranty included with purchase)



- \$5.50 per unit per month for wireless communications fees and hosted Parking Enterprise Management System (PEMS) software
- Initial training included; supplemental training and custom development/analytics available but not included
- Credit card gateway fees of \$0.06 per credit/debit card transaction
- OPTIONAL credit card merchant processing fees of \$0.05 per credit/debit card transaction (or City may elect to utilize its own merchant accounts for all such transactions)
- City is responsible for all merchant banking fees associated with credit card processing
- Subject to standard software licensing agreement
- Excludes pricing for special integration requirements, including custom smart card configurations
- Standard warranty exclusions apply, including damage due to vandalism and misuse
- Spare parts sold separately

Digital LUKE II Multi-Space Parking Meter

The Digital LUKE II meter is one of the most popular multi-space meters in North America, with units deployed in virtually every major US city. Pricing for a base unit, plus popular options, is included in the table below, as well as discounts for higher volume purchases.

Meter Technology Option Pricing Table: Digital LUKE II Multi-Space Meter				
Description	Cost per Unit based on Volume			
	1-10	11-50	51-100	101+
Base unit cost (without bill acceptor)	\$10,400	\$9,455	\$8,509	\$7,942
Base unit cost (with bill acceptor)	\$11,661	\$10,600	\$9,540	\$8,904
Shipping & Installation	\$440	\$378	\$319	\$275

In addition, the following fees apply:

- \$725.00 per unit per year for extended warranty for maintenance and support (after the first year only – first year warranty included with purchase)
- \$65.00 per unit per month for wireless communications fees and hosted software licensing fees (price discount available for high volume installations)
- \$3,000 for training (custom development /analytics available but not included)
- City is responsible for all merchant banking fees associated with credit card processing
- Subject to standard software licensing agreement
- Excludes pricing for special integration requirements, including custom smart card configurations
- Standard warranty exclusions apply, including damage due to vandalism and misuse
- Spare parts sold separately

Cale CWT Compact Multi-Space Parking Meter

The Cale CWT Compact meter is a popular choice among cities that maintain large fleets of meters – including the single largest installation of multi-space meters in the Midwest in Chicago. Pricing for a base unit, plus popular options, is included in the table below, as well as discounts for higher volume purchases.

Meter Technology Option Pricing Table: Cale CWT Compact Multi-Space Meter						
Description	Cost per Unit based on Volume					
	1-25	26-50	51-100	101-200	201-300	301+
Base unit cost (without bill acceptor)	\$9,075	\$8,621	\$8,167	\$7,714	\$7,260	\$6,806
Base unit cost (with bill acceptor)	\$11,275	\$10,821	\$10,367	\$9,914	\$8,910	\$8,456
Shipping & Installation	\$198	\$187	\$176	\$165	\$165	\$165

In addition, the following fees apply:

- \$300.00 per unit per year for extended warranty for maintenance and support on multi-space meters excluding the bill acceptor
- \$540.00 per unit per year for extended warranty for maintenance and support on multi-space meters including the bill acceptor



- \$75.00 per unit per month for wireless communications fees
- \$1.00 per space for hosted Parking Enterprise Management System (PEMS) software
- \$1,000 for training (custom development /analytics available but not included)
- City is responsible for all merchant banking fees associated with credit card processing
- Excludes pricing for special integration requirements, including custom smart card configurations
- Subject to standard software licensing agreement
- Standard warranty exclusions apply, including damage due to vandalism and misuse
- Spare parts sold separately

Mobile Payments via Smart Phone by PassportParking, QuickPay (QP) or ParkMobile

Duncan has worked with seven different providers for parking meter and enforcement integration to facilitate mobile payments using smart phone applications. For St. Louis, we are proposing three options that each offer compelling features, including proven technology, user convenience, and the capability to work with both on-street meters and off-street parking locations.

While each of these options presents slightly different benefits and drawbacks, each has achieved a significant market share among major US cities, and each is making a strong push to solidify its user base in the greater St. Louis area. For example, one of the leading local commercial parking operators in the City is St. Louis Parking, which recently selected and implemented PassportParking as its mobile payments provider for its lots and garages throughout the region. Using the PassportParking app, users with accounts established for PassportParking would easily be able to use that same app to pay for any integrated meter in the City. Other providers offer similar benefits.

For each provider, pricing can be customized based on City objectives. Some cities wish to provide the service as a convenience for which motorists must pay a substantial fee – generally about \$0.35 per transaction in addition to the amount of the meter payment. Other cities partially subsidize this cost by paying a monthly fee to the service provider which results in a discounted per transaction fee for program subscribers.

For the purposes of this proposal, all three proposed service providers have agreed to provide a price of \$0.35 per transaction as a convenience fee charged to the user.

Right-Sizing the Meter Site

Duncan's approach to providing enhanced meter equipment and systems begins with a detailed, comprehensive analysis of the existing City parking environment, then draws on this analysis to provide a technology plan for the future designed for optimal operational and financial performance.

As part of this analysis, Duncan surveyed each on-street metered blockface and each individual space as well as analyzing historical revenue information. Across the City's seven zones (Zones 1-6 and 8) comprised of 9,465 metered parking spaces, Duncan documented rate information, average revenue per space, occupancy rates, violation rates, and violation capture rates. We then used benchmarks to determine both current net revenue per space and a projected net revenue per space after factoring in the costs of maintaining and operating the site, potential costs of capital investment, and the impact of such investments on each space's revenue potential.

This analysis led us to several conclusions, which we offer as recommendations for consideration by the Treasurer's Office. In particular, we defined \$10.00 per meter per month in gross revenues as the minimum threshold for achieving a net return for the City. Using this threshold as a guide, we recommend the removal of 4,613 metered parking spaces across the seven zones, as shown in the table below. (Note: 3,812 of these metered spaces or 82% of the number proposed for removal generate less than \$5.00 per meter per month in gross revenues).



Metered Spaces Proposed for Removal by Zone				
Zone	Count of Spaces (approx.)			% Proposed for Removal
	Current	Proposed to Remain	Proposed for Removal	
1	1,129	987	142	12.6%
2	2,224	1,185	1,039	46.7%
3	1,997	994	1,003	50.2%
4	920	322	598	65.0%
5	1,509	956	553	36.6%
6	902	388	514	57.0%
8	784	20	764	97.4%
Total	9,465	4,852	4,613	48.7%

Given that this is such a key decision point for the Treasurer’s Office, Duncan understands that this data will need to be closely scrutinized before any final action is taken to remove specific meters. However, we believe making such a significant change will help clarify the investment decisions that the Treasurer’s Office is contemplating as part of this RFP process.

The remaining on-street metered spaces in each zone were then categorized by historical gross revenues to determine the likely impact of any investment on the revenue potential for each space. Across the parking industry, various factors are used to project the impact of new technologies on revenue. Generally, these factors range from 15% to 40% revenue uplift from offering credit card payment acceptance as a convenience for motorists. The higher end of this spectrum is generally most applicable when the hourly rate for parking exceeds \$1.75 per hour, whereas the lower range is common where the hourly rate is relatively low and where other non-coin payment types are also accepted, such as bills, smart cards, and mobile phone payments. For our analysis we used 25%—which was the actual revenue uplift generated in St. Louis by the Duncan Liberty Single Space Credit Card meter pilot program as documented over the past several months.

The next step in our process applied this revenue uplift projection to segments of the overall meter population categorized by historical gross revenues per meter per month. Across the City’s various zones, this population appears as follows.

Metered Spaces Proposed for Removal by Zone								
Gross Revenue Segment	Count of Spaces Per Zone							
	1	2	3	4	5	6	8	Total
Greater than \$125	128	5	6	2	88	0	0	229
Between \$100 and \$125	244	51	61	8	140	0	0	504
Between \$75 and \$100	264	124	118	34	152	30	0	722
Between \$50 and \$75	178	277	166	61	184	55	0	921
Between \$25 and \$50	96	370	297	60	218	113	3	1,157
Between \$10 and \$25	77	358	347	156	174	190	17	1,319
All Segments	987	1,185	995	321	956	388	20	4,852

Return on Investment Calculation

To calculate a Return on Investment (ROI) for each meter technology option across each segment of the site, we used cost projections based on the configuration options which we believed to be most likely to be selected by the City. For both multi-space meter solutions, we projected a ratio of 10 spaces per meter. Typical ratios can range from six to twelve spaces per meter depending largely on block face configurations and the mode of operation (i.e., Pay by Space, Pay and Display, or Pay by Plate). Therefore, this analysis would overstate the ROI if the actual ratio of spaces to meters were less than 10:1.

We assumed no change in current meter rates, and assumed no changes in prevailing economic conditions or consumer behavior. It should be noted that any contemplated increase in meter rates would have a dramatic, favorable effect on this ROI calculation.



For each technology, this analysis applied the base investment cost together with the cost of likely additional features and related operations costs which are not part of the current program. The least expensive option on a per-space basis was the Duncan Liberty. Using that option, we calculated both the time period required to break-even on the investment as well as the total ROI as a percentage over a five year (60 month) period. This calculation showed that while there is a significant ROI for meters that historically generated greater than \$125.00 per month, and a positive ROI for meters that historically generated greater than \$100.00 per month, the ROI became negative as technology upgrades were projected for meters which generated \$75.00 per month or greater. The tipping point where ROI proved to be optimal was for approximately 1,000 spaces which generated the greatest historical revenues, which includes all spaces that generated more than \$90.78 monthly. For both multi-space meter options, the tipping point proved to be a much lower quantity of metered spaces – approximately 250 total spaces.

The table below shows the ROI over 60 months for all three meter technology options across the same sample of 250 spaces, and the second table below shows the 60-month ROI for the Duncan Liberty for 1,000 spaces.

ROI Calculation: 250 Spaces			
	Duncan Liberty (SSM)	Digital LUKE II (MSM)	Cale CWT Compact (MSM)
ROI	57.8%	0.5%	0.7%

ROI Calculation: 1,000 Spaces	
	Duncan (Liberty SSM)
ROI	17.5%

Financing Options

No factor was included in our ROI analysis for the City’s cost of money or financing, however, financing alternatives are available. As an example, Duncan has worked successfully with several clients to arrange financing through Baystone Financial Group, one of the largest leasing firms in the country. Baystone specializes in financing for thousands of municipalities, fire departments, and school districts throughout the United States for projects similar to St. Louis’ envisioned meter replacement and upgrade project – enabling immediate infrastructure upgrades at no up-front cost that allow clients to reap the benefits of improved technology, services, and increased revenues at extremely competitive rates. At the conclusion of the lease, asset titles transfer to the lessee outright to allow years of continued use. A specific rate quote will need to be prepared as the City finalizes its meter investment decision, but recent rates have ranged from 3.00% to 3.50% depending upon the magnitude and term of the lease and the credit rating of the lessee.

Meter and Booting Operations

Given the multitude of changes and investments the City is contemplating regarding meter equipment and systems technology, Duncan’s proposal for Meter and Booting Operations services is designed to provide maximum flexibility and adaptability to accommodate a changing parking management program. Accordingly, we have worked with our partners to develop a staffing model that we believe best suits the conceptual site described in this document.

Duncan’s price for all core meter and booting operations services is \$943,518.00 per year, payable in equal monthly installments of \$78,626.53 per month. This rate is subject to adjustment based on final count of metered spaces and the meter technology selected. At the conclusion of each yearly interval of this agreement, this price is subject to increase by an amount equal to the Consumer Price Index (CPI). For purposes of calculating this adjustment, CPI is defined as the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U) for the St. Louis area during the 12 month period beginning July of the year before the year for which the Unit Cost is being calculated.

In addition, Duncan will charge the City a license fee for Duncan’s Parking Enterprise Management System (PEMS) of \$1.00 per month for each metered space which is not managed by a Duncan Liberty meter.

Costs which have been specifically excluded from this price and are subject to cost reimbursement or other mutual agreement are:





- Costs to replace damaged or irreparable assets due to vandalism, age, or other factors (Note: Duncan will continue to offer the City discounted pricing for all traditional meter equipment parts and accessories at a rate of 10% off of the then-current list price)
- Vehicle replacement costs
- Costs to comply with changes in laws or ordinances

Conclusion

As noted in our technical proposal, Duncan is willing to accommodate other alternatives for scope and pricing as may be requested by the Treasurer's Office. In particular, it would appear that the Treasurer is contemplating using service providers for meter maintenance and booting services and potentially for parking violation bureau services which may not have the capabilities to serve as their own integrator or technology provider. In such circumstances, Duncan would be willing, as an option under this proposal, to facilitate the delivery of the upgraded meter and handheld technologies, associated back-end management systems, and a software license for our AutoPROCESS ticket processing system and Parking Enterprise Management System (PEMS) for meter management. Under such an arrangement, the Treasurer would be able to utilize another vendor or City personnel to provide all the labor associated with meter management, booting and citation processing with Duncan serving as the Treasurer's technology partner and collections vendor. This would provide another custom and cost-effective solution for the Treasurer's consideration.

For years, Duncan has had the privilege of serving the Treasurer's Office and the City of St. Louis as a committed partner. We look forward to a continued opportunity to do so by delivering technology and services in support of an integrated parking management system that is modern, customer-oriented, high-performance and delivers value for the City's program stakeholders.



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