Financial Proposal Response to RFP—Parking Management for City Parking Operations for the City of Stockton, CA (PUR 19-035)

City of Stockton, California

Submitted to:
City of Stockton
City Hall
City Clerk’s Office (1st floor)
425 North El Dorado Street
Stockton, CA 95202

December 5, 2019
7. PROPOSAL FEE (UNDER SEPARATE COVER)

Proposal responses will include a Financial Proposal (Exhibit C) for all services outlined in the RFP. The Financial proposal may also include an incentive proposal. The Operator's incentive proposal will outline revenue or operational cost savings sharing, between the Operator and the City, resulting from the Operator's improved and efficient management of the parking system. Operator may also propose capital investment by Operator. Consideration will be given to proposals that present the optimum financial benefit to the City over the term of the contract. Proposer must include the Financial Proposal in a separate envelope, clearly marked as such.

Financial Proposal Submission

SP+ (d/b/a SP+ Municipal Services) has read the City of Stockton's RFP—Parking Management for City Parking Operations for the City of Stockton, CA (PUR 19-035). We want to ensure the City that we completely understand the scope of work to be performed. In fact, our Company has been providing these services for the City for a total of 5 years. We know what the expectations are better than any other companies and know from firsthand knowledge what it takes to deliver what is expected by the City.

SP+ Municipal Services will continuously strive to exceed the expectations of the City as outlined in the Scope of Services. We have enjoyed our long partnership over the past 5 years with the City. Our team members work closely with the City staff. We have an excellent working relationship with the City as well. We view ourselves as a part of the City's team.

We have included our Financial Proposal (Exhibit C) on the following page per the instruction from the RFP.

Bob Kamper
Vice President, Municipal Services
# Parking Operator RFP Financial Proposal Sheet

This sheet must be included in Operators submitted proposal. Failure to due so will result in proposal being deemed non-responsive and eliminated from further proceedings in the review process.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Extension 1</th>
<th>Extension 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Fee (Required)</td>
<td>304,538</td>
<td>314,517</td>
<td>324,943</td>
<td>335,837</td>
<td>347,219</td>
<td>359,113</td>
<td>371,543</td>
</tr>
<tr>
<td>Other Fees (Optional)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Please include a detailed explanation of all other fees proposed on a separate page. If Start up Fees are required, please include them here along with an attached explanation.

| Incentive Fee (Optional) | 15,000   | 15,450   | 15,914   | 16,391   | 16,883   | 17,389      | 17,911      |

Please include a separate page with detailed description of Proposed Incentive Program including fees due to City. Include fees or fee percentage on this page.

| Total Fees            | 319,538  | 329,967  | 340,857  | 352,228  | 364,102  | 376,502     | 389,454     |
| Capital Investment by Operator (Optional) | 0        | 0        | 0        | 0        | 0        | 0           | 0           |

Proposers Initials: [Signature]
7. PROPOSAL FEE

ADDITIONAL PROPOSAL FEE INFORMATION

ADDED VALUE AND BEST PRACTICE RECOMMENDATIONS

Include a description of specific added value services, management strategies, and parking industry best practices that may be implemented in the City to reduce operational costs, enhance revenues, and improve parking services outlined herein, including: Cost of Operations, Marketing, Signage, Start Up Costs, Management Fee Structure, Incentive Proposal, and Initial Capital Investment.

COST OF OPERATIONS

SP+ Remote Management Services

With new Equipment on the horizon, the opportunities are limitless with SP+’s Remote Management Services! Remote Management Services is a new way to deliver parking management services more efficiently with enhanced capabilities. Remote Management Services (RMS) are an enhancement to our local operations, representing a unique way to centralize automated parking operations, maximize returns and improve customer service.

SP+ has designed and built a central remote assist command center which provides customers access to trained and dedicated SP+ customer service teams and account managers 24/7. Integrated through IP-based intercoms and camera systems installed in the parking facilities, RMS representatives have the ability to assist customers at every point of contact, not just the exit lane. Our team will communicate with customers at every point of interaction (i.e. entrance, exit, pay stations, etc.). This communication goes further than just a typical call center. Our RMS team is tapped into the parking facility’s revenue control system and can provide many...
services on a 24/7 basis that others cannot, including ticket/validation read errors, pushing of rates to the devices, monthly card reset/verification, etc. Daily our Facility Manager (and the City of Stockton, if so desired) receives a report that shows all intercom calls made to the RMS Command Center. The report includes many details such as why the call was made and what the resolution was. This helps us pinpoint any equipment issues or possible user abuse and allows the facility manager insight to follow up with monthly parking customers to insure their concerns are resolved effectively and in a timely manner.

Please view the brief videos below, which provide excellent information on how our Remote Management Command Center functions and how it supports a higher level of customer service at the facilities it serves.

Remote Management Services at Work
RMS adds an array of IP cameras and T1-connected voice to all customer interaction points, including entrance and exit lanes, pay-on-foot stations, pedestrian access points, and elevators. The parking garage is connected and integrated with RMS’ Command Center in Austin, Texas, where all car movements and transactions are monitored by its analytic tools. Command Center Customer Service Specialists are available to handle individual customer needs. Calls appear on Command Center monitors, while an integrated video system allows specialists to interact directly with customers and immediately resolve a service issue through the access and revenue control system, or by dispatching a local Customer Service Ambassador.

Maximizing Your Automation Investment
While there are significant benefits to be gained from automating parking facilities, in many cases, the original return on investment objectives have not been met and/or the investment has not been fully leveraged. Remote Management Services solutions are designed to deliver on the three critical components of an automation investment:

1. **Cost Reductions** – RMS solutions allow our clients to maximize the cost savings from their automation investments. RMS’ tiered solutions provide clients the opportunity to choose the level of remote management that best fits their operations and needs. Utilized today across diverse parking venues, RMS solutions allow SP+ clients to maximize their labor and cost reductions while improving service levels and revenue capture.
2. **Revenue Enhancement** – Maximizing revenue is an important step in improving the bottom line. While automation has been proven to be a significant factor for achieving this objective, Remote Management Services solutions allow clients to maximize revenue opportunities. From online monitoring of facilities to robust solutions that allow full-time, off-site management of parking operations, RMS solutions are designed to ensure that revenue loss is minimized through accurate revenue and exception management.

3. **Service Level Improvements** – Improved customer service and increased customer satisfaction are important objectives for any business to maintain or enhance its brand. Automation and quality of service are often in conflict with each other, which is a significant reason why automation levels do not achieve their original return expectations. RMS solutions connect customers to best-in-class customer service support 24/7, and a local staff which is available for on-site support to ensure the highest quality service level for your customers.

**Command Center (HUB)**
Using Command Center professionals, RMS allows for the management of all exception transactions. Specialists provide aggregated exception counts along with a detailed exception issues log for more accurate tracking and reporting of exception transactions. By integrating with the POS system, RMS allows processing of lost and unreadable tickets to ensure maximum revenue capture. In addition, centralized monitoring and reporting of all exception transactions ensures accurate tracking that can be used to develop action plans to reduce or eliminate lost revenue.

**Centralizing Stockton’s Parking Facilities**
SP+’s in house RMS is the industry leader in Centralized Parking Management. No other parking management company has the technology and infrastructure to come close to providing accountability, customer service, and reliability inherent in the RMS system. RMS is currently used at garages in all regions of the country - ranging from healthcare facilities and office buildings to retail and event venues. Our proprietary system is one of today’s most powerful tools to control and manage an automated operation’s daily, monthly, and validation revenue streams.

Locations that converted to SP+’s RMS have experienced revenue increases of up to 30%, by eliminating cashiers, reducing free exit gate vending, and centralizing onsite financial reporting and management. Clients have daily access to business activity data, and Remote Management Services’ round-the-clock coverage improves service and extends operating hours, which can generate more revenue. RMS frequently serves as solution to reduce staffing costs by providing a reduction of personnel during off-peak times with continued on-site ambassador presence during peak demand ingress & egress periods and high utilization times to directly assist customers. RMS provides 24/7 customer service to a facility for a fraction of the cost as shown in the example below.
MARKETING

Local Listings
Ensuring that the City of Stockton parking facility locations are prominently included in local search listings is an important component to successful promotion of parking for each location.

Establishing and maintaining location information across online directories and applications is not only important for ensuring online users have access to accurate information; it also results in improved organic search listing. Major search engines are constantly updating and managing this data through multiple sources and if not kept up to date the locations will see a negative impact on results.

Through the enterprise relationship SP+ has with Yext, the SP+ Marketing Services team will work to confirm all content in local search listings and ensure that the data is accurately maintained across over 100 digital services supporting 250 apps, maps, directories and search engines including Google, Apple Maps, Yahoo, and Bing.

Yext
Yext helps SP+’s parking facilities appear in online searches when a customer is searching for “parking near me” by controlling and managing location data across 250 apps, maps, directories and search engines including Google, Apple, Yahoo and Bing, Yext ensures parking data is accurate and up-to-date, driving revenue through on-site and digital interactions, boosting brand awareness and sales. In the past 5 years “Parking Near Me” searches have increased 175%.

Waze
Waze is a GPS navigation software which works on smartphones and tablets with GPS support and provides turn-by-turn navigation information and user-submitted travel times and route details. Waze describes its app as a community-driven GPS navigation app, which is free to download and use.

START-UP COSTS
SP+ has no transitional start-up costs.

MANAGEMENT FEE STRUCTURE
SP+ has provided the pricing sheet in accordance with the RFP guidelines.
INCENTIVE PROPOSAL

It’s a Partnership

Proposing a blanket incentive fee based solely on revenue misses an opportunity to build a partnership with our clients and align customer and stakeholder objectives with the goals of the parking program. Without diminishing the importance of revenue, SP+ seeks to take accountability a step further. Linking the success of the parking program to measurable goals revolving around stewardship, customer service, and long-term objectives ensures SP+ is able to effectively participate in the planning and fulfillment of our client’s vision.

SP+ proposed in the financial workbook an annual incentive fee based on meeting an evolving set of Key Performance Indicators (KPIs) which will be determined and approved with the City of Stockton. Annually these KPIs will be revisited to determine which will remain static and which should be amended or replaced to insure the operation remains focused with the City’s evolving objectives or any changes to the parking program. We recommend setting five KPI objectives, each of which weighted to represent 20% of the total incentive fee. If the objective is met (or exceeded) then SP+ will participate in that share of the incentive fee. Likewise, if SP+ does not meet an objective then we will not receive that portion of the incentive fee.

The following example is from one of our current operations KPI incentive plans in another City.

Current KPIs from an SP+ Contract

- Equipment functionality KPI – uptime on equipment
  - Customer service KPI – SP+ would complete customer survey with a minimum of 350 responses to create a benchmark for future KPI development.
  - Expense budget KPI – expenses favorable budget for Fiscal Year
  - Revenue budget KPI – revenue favorable to budget for Fiscal Year
  - Marketing & Outreach KPI – item would contribute to the overall M&O score

SP+ will work with the City to design an initial set of Key Performance Indicators for year one that will align current objectives while anticipating innovative measurement practices to derive benchmark success data.

INITIAL CAPITAL INVESTMENT

SP+ is willing and financially able to finance and amortize the upgrading and modernization of the parking structures if the City of Stockton so desires with new PARCS Equipment with the vendor of the City's liking. This would also allow the City to also realize all the cost benefits of our Remote Management Services outlined in the proposal. We would do this over a five year amortization schedule and are confident the ROI would be exceeded by the reduction of staff and moving to a Team of Ambassadorial Roving Team members. We look forward to further exploring the possibilities and providing ROI calculations, once an equipment vendor is chosen, if we are fortunate enough to be selected to continue our partnership with the City of Stockton.

SP+ would also like to extend our services from our Technology Integration Team to develop an RFP on behalf of the City and then analyze and ensure all bids are congruent and can deliver all the enhancements we have outlined in our marketing plan.
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