REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Contract Award of Payment Services Agreement with Passport Parking Inc.

Date: October 4, 2024
To: Board of Directors, Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 contains a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the local board.

SUMMARY

The purpose of this paper is to seek approval from the Toronto Parking Authority (TPA) Board of Directors to extend the Payment Services Agreement with Passport Parking Inc. (Passport) for an additional two (2) years with an additional one (1) year option at the sole discretion of the TPA, beyond its current expiration on March 31, 2025.

As background, Passport operates the TPA's Green P Parking App. The Green P App is a custom-developed mobile payment solution that has evolved significantly over the past nine (9) years and is designed to support the needs of the TPA and its customers. Passport was chosen through a public procurement process in 2013, and the App has since become integral to the success of our parking operations. Launched in 2015 for off-street ungated parking and expanded to include all on-street locations in 2016, the Green P App has emerged as one (1) of North America's premiere digital parking solutions serving over 2.2 million registered customers representing 79% of on-street and 74% of off-street parking transactions. Customer satisfaction remains strong; 4.6 rating on the App Store based on 13k reviews.

Since 2023, Management has accelerated the development and modernization of our digital payment platform in support of our strategic growth plan. Specifically, the TPA released an updated version of the Green P App in 2022 which has driven an 11% increase in App utilization and grown the total user base by almost 70% from 1.3 to 2.2 million users in just two (2) years.

Concurrently, the TPA has embarked upon four (4) critical initiatives designed to future-proof our business. First, we are expanding the reach of the Green P App to our entire parking portfolio which will simplify our customer payment experience city wide, lessen our dependence on capital-intensive Off-street parking infrastructure while driving cost productivity.

Second, we are in the prototyping phase of integrating customer payments for EV charging into our Green P App to simplify payments and provide greater flexibility to offer bundled pricing options for our consumer segments. Market-wide deployment is scheduled for 2025.

Third, work has begun to build the back-end technology necessary to provide a more interactive App experience for our customers. For example, we will be adding real-time information on EV charging availability by location; moreover, integrating both on and off-street parking sensors with the App to provide customers with real-time parking choices. This work will be complete by 2025.

Lastly, Management has two (2) major streams of work on the horizon that are technology centric. First, we will be developing an App based Loyalty programme that will support our Parking, EV Charging, and Bike Share operations. Secondly, we will leverage our enhanced digital platforms to integrate the Bike Share and Green P App into a single integrated mobility payments solution for all our customers. This work is targeted to be deployed by Q1, 2027.

Management has assessed the value of securing a new App provider through a risk lens Our assessment is that co-creating a new App application with a new vendor would take anywhere between 12 to 18 months and require disproportionate management time and resources to ensure a seamless integration. In addition, contemplating a vendor change while simultaneously executing management's planned digital transformations currently underway would be daunting. Lastly, the financial and reputational risk associated with any diminution in the performance of the Green P App during the transition exceeds our current risk tolerance.

In conclusion, Management recommends that the TPA extend the Payment Services Agreement with Passport for a further two (2) years with one (1) option year at the TPA's sole discretion. This recommendation provides performance stability for our customers, staff, and enterprise. It protects our strong Green P brand proposition in the marketplace and ensures that our ambitious digital transformation unfolds as planned over the next 30 months. This recommendation is compliant with TPA Policy 5-7, which allows for continued partnership with the original supplier when switching providers would result in significant inconvenience or excessive costs.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors of the Toronto Parking Authority approve a two (2) year extension with an additional one (1) year option at the sole discretion of the TPA of the Payment Services Agreement with Passport Parking Inc. in accordance with TPA Policy 5-7.

2. The Board of Directors of the Toronto Parking Authority direct that the information contained in Confidential Attachment one (1) remain confidential in its entirety at the discretion of the City Solicitor, as it contains a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of a local board.

FINANCIAL IMPACT

The financial impact of this agreement is variable based upon future demand. In the past 12 months, transaction volume was approximately 20.6 million, resulting in a monthly expenditure of approximately $165,000 or $1.98 million annually.

With the launch of the Green P App across our entire parking portfolio, including gated parking and EV charging, Management expects transaction volume to increase by a minimum of 20% over the next three (3) years. This growth means we anticipate a total transaction volume of approximately 24.7 million vs. 20.6 million in 2024. As a result, the estimated total financial commitment for a two (2) year extension, with an additional one (1) year option, is approximately $6.3 million.

While this represents an additional operational expenditure (OPEX) of approximately $360,000 over the three (3) year period, the projected 20% growth in transactions increases cost efficiency. The higher transaction volume will spread the OPEX across a larger base, reducing the cost-per-transaction and enhancing overall operational efficiency. This makes the agreement financially advantageous, allowing us to better manage recurring costs while supporting increased demand.

DECISION HISTORY

At its meeting on July 23, 2019, the Board of Directors of Toronto Parking Authority approved the extension of the Payment Services Agreement with Passport Parking Inc. for the provision of a Mobile Payments for Parking System for an additional term of three (3) years, with an option for an additional two-year extension as outlined in the report PA8.10 - "Extension of Payment Services Agreement with Passport Parking Inc.".

Additional information can be found at the following link:
https://secure.toronto.ca/council/agenda-item.do?item=2019.PA8.10

At its meeting on June 23, 2014, the Board of Directors of Toronto Parking Authority approved with amendments item S5.1 "Mobile Payments Project - Retain Passport Parking, Inc." This authorized staff to enter into a contract to retain selected vendor Passport Parking Inc. as the service provider of the TPA mobile payments program as defined in the Toronto Parking Authority Request for Proposal for Mobile Parking Payments Program under the general terms and conditions summarized in the report. A copy of the June 18, 2014 In-Camera Board Report is included as an appendix to Confidential Attachment 1.

Toronto Parking Authority Board of Directors, at its meeting of February 27, 2014 approved the selection of Passport Parking Inc. as the select proponent for TPA Mobile Parking Payments system and authorized staff to negotiate a contract (see Attachment 1 to this report).

COMMENTS

As North America's largest municipal parking operator, TPA has consistently been at the forefront of innovative parking solutions. In 1995, TPA launched the first fully automated parking garage at St. Lawrence Market. By 1998, TPA was pioneering the use of automated Pay & Display machines for on-street parking, and by 2002, it had established the world's largest network with 1,269 units. In 2015, TPA introduced the Green P App across all off-street ungated car parks, and by October 2016, it expanded the App's use to all on-street paid parking locations. Most recently, in 2023, TPA rolled out a new generation of Pay by Plate parking meters, enhancing payment options for customers. Notwithstanding, the Green P App remains a critical component of our omnichannel customer engagement strategy. It is also one (1) of the premier municipal parking applications globally, with over 2.2 million active users, making it one (1) of the most widely used parking apps in North America.

The purpose of this paper is to seek approval from the Toronto Parking Authority (TPA) Board of Directors to extend the Payment Services Agreement with Passport Parking Inc. (Passport) for an additional two (2) years with an additional one (1) year option at the sole discretion of the TPA, beyond its current expiration on March 31, 2025.

In 2013, TPA identified the need to integrate a mobile payment solution into its revenue collection system. This strategic initiative aimed to elevate the customer payment experience, enhance system reliability, significantly reduce operational costs, minimize dependence on physical hardware, and strengthen revenue control. To ensure the success of this initiative, TPA embarked on a comprehensive procurement and deployment process, laying the groundwork for the subsequent success of the Green P App. Additional details regarding the strategic planning, procurement, and app deployment can be found in the TPA Board Decisions from February 27, 2014 and July 23, 2019.

The Agreement initially began on April 1, 2015, for a three (3) year term, which was followed by a two (2) year extension. On July 23, 2019, the Board approved an additional three (3) year extension, with the option for another two (2) year extension. As a result, the current agreement was executed on March 31, 2020, extended on March 31, 2023, and is set to expire on March 31, 2025.

The success of the Green P App stems from its intuitive design, continuous feature enhancements, and the strong partnership between the TPA and Passport. This collaboration has driven the App's evolution from a simple parking tool to a dynamic platform that adapts to customer needs, aligning with the TPA's vision of becoming a leading mobility provider. This summary highlights key functionalities and innovative enhancements that the TPA and Passport are developing, often positioning the TPA as the only municipality engaging in collaboration at this advanced level.

TPA/Passport Green P App Innovation

Since the program's launch, Passport has provided strong strategic and executional leadership, and shared industry best practices from across North America.

2024 App Upgrades and Enhancements

- Text to Park: Successfully launched to support the Mobile Only parking pilot, allowing customers to complete parking transactions by texting a unique code. No need to download the Green P App.
- Digital Fast Track: Introduced a new feature enabling business users to pay for parking through the Green P App, replacing the need for physical cards. Initially offered to B2B customers and City Stakeholders, further functionality is under development for new customer segments planned for 2025.
- Guest Checkout: Implemented a QR code payment option for customers without the Green P App, simplifying the payment process by eliminating the need to download the App.
- Pay by Plate Integration: Streamlined data exchange by integrating parking meter transactional data from Pay by Plate meters into a third-party enforcement platform. This enhanced collaboration between the TPA and Toronto Police Services enables seamless enforcement.
- Real-Time Occupancy Sensors: Added to the Green P App, enabling users to see real-time parking availability at select on-street and off-street locations.

Q4 2024 Upgrades and Enhancements

- Gated Integration: Enabling access and payment for gated parking facilities through the Green P App.
- EV Charging Integration (Phase 1): Allowing users to locate available FLO EV chargers, initiate charging sessions, and manage both parking and charging payments in one (1) seamless transaction. This level of integration between multiple Parking Access Revenue Control Systems (PARCS) vendors, EV charging providers, and mobile payment solutions is groundbreaking in the industry.

Passport has committed over 1,520 additional hours of custom development for these projects.

2025 Planned Upgrades and Enhancements

- Gated Integration (New Facilities): Introducing gated access and payment through the Green P App, leveraging camera-based technology with new PARCS vendors for automatic connection.
- EV Charging Integration (Phase 2): Expanding upon the 2024 project by integrating all remaining TPA charging stations, including ChargePoint chargers, into the Green P App for seamless location, charging, and payment management.
- Green P in Digital Wallet: Building on gated integration, this feature will allow customers to use digital wallets (iOS or Android) for parking in gated facilities.
- Digital Fast Track in Gated Facilities: Extending Digital Fast Track to allow B2B customers to use the Green P App in gated parking facilities.
- Loyalty Programme Discovery: Conducting an in-depth analysis to design a future loyalty programme, with functionality and specifications to be delivered in 2026.
- Customer Feedback Functionality: Introducing a new feature to capture feedback on parking experience, app functionality, availability, and other KPIs from over 2.2M users.

Extending the Payment Services Agreement will ensure the TPA continues to lead in innovation while delivering exceptional service to its customers.

Risk

In 2024, the TPA contemplated going to the market to potentially secure a new app provider. However, initial investigations revealed that developing a new app would take anywhere between 12-18 months and require substantial resources.

Given these challenges and other high-priority initiatives, introducing a new parking app into the TPA's existing ecosystem presents significant risks. The scale of the Green P App, with over 2.2 million users, over 20.6 million annual transactions, and $87 million in revenue, makes this transition far more complex than simply replacing an app. It requires a strategic, long-term approach.

Additionally, the TPA must consider the broader mobility landscape, including services that have evolved since the Green P App's launch, such as Bike Share Toronto and the expanding EV charging network. Any change of this magnitude must integrate seamlessly with these existing services and future offerings to maintain an enhanced user experience and operational efficiency.

The potential for disruption during such a transition is significant. The TPA must thoroughly assess the compatibility of any new app with its existing infrastructure, ensure data integrity and security, and maintain uninterrupted service. This process requires meticulous planning and sufficient lead time to mitigate operational risks, especially considering the outdated IT infrastructure highlighted in the TPA's Enterprise Risk Management report previously shared with the Board of Directors. It is crucial to evaluate risks across multiple dimensions - operational, financial, reputational, and compliance-related, as each could have cascading effects on business continuity and customer trust, both of which are essential to our success. (See Table 1 below for key risks).

Given these complexities/risks outlined in Table 1), transitioning into a new app acquisition at this time is neither feasible nor advisable. A thorough evaluation of our needs, capabilities, and risk landscape is crucial. By remaining with Passport for the next 2-3 years, the TPA can manage its risk profile while preparing a comprehensive plan that addresses integration challenges and implements robust risk mitigation strategies. This approach ensures a smooth vendor transition and long-term sustainability, safeguarding operations and positioning the TPA for future growth.

Table 1: *Risk and Impact Assessment*

Risk	Impact	Mitigation
There is a 12–18 month lead time required to develop a new application that includes both the in-market features and the planned enhancements.	The 12-18 month lead time would significantly strain TPA IT resources and delay other critical initiatives. It would also jeopardize the rollout of key features, such as the single payment system for EV charging and parking, which are vital for improving customer experience and meeting market demands.	Continuing with Passport and the existing Green P App allows TPA to maintain momentum without additional lead time. TPA can seamlessly introduce new functionalities in alignment with its organizational goals, enhancing the customer experience while avoiding resource strain. Passport's customer developments already in place further strengthen this approach.
Not going to the market for competitive pricing could result in missed opportunities for cost savings and may lead to the TPA paying above-market rates for services.	Failure to explore competitive options could increase operational expenses, reduce financial efficiency, and limit opportunities to maximize value for money. It could also weaken the TPA's ability to justify costs to stakeholders.	Recent negotiations with our current vendor have secured significant savings for the Agreement extension, providing cost certainty for the next three (3) years. Discussions with comparable municipalities confirm that the negotiated rates are not only fair but also more favorable than those offered by other providers.

Delivery of Desired Result: Exploring new parking app providers risks a suboptimal product that may not meet TPA's expectations, leading to delays in launch and disruption of ongoing enhancements, potentially impacting customer satisfaction and operational efficiency.	A suboptimal product or delays could erode user trust, hinder operational efficiency, and stall the TPA's ability to introduce new features, ultimately affecting both customer experience and revenue generation.	Maintaining the Green P App and the functionality it offers will ensure customer expectations are met while avoiding any form of disruption to TPAs largest payment channel.
Customer impact: Transitioning from the trusted Green P App, with over 2.2 million users, to a new platform could raise concerns about data security and reliability. A less intuitive interface or missing features could frustrate users, slowing adoption and leading to dissatisfaction. The Green P App has built a loyal user base, making customers hesitant to switch. Navigating both apps during a transition could cause confusion, fragmenting the user experience. A seamless transition is essential to maintaining customer trust and loyalty	A poor transition or suboptimal new platform could lead to customer dissatisfaction, slower adoption rates, and a potential loss of user trust. This could negatively affect customer retention, revenue, and overall user experience.	Continuing with the existing Green P App mitigates risks to our loyal customer base and maximizes the benefits of recent and upcoming enhancements. By maintaining the current platform, we safeguard the customer experience while integrating new features already in development. Built with modern frameworks, the Green P App delivers advanced security, enhanced data protection, and improved functionalities. This commitment to innovation ensures we not only retain our user base but also enhance their experience with future updates
Technical Integration: Integrating a new app provider carries significant risks, particularly concerning API integration issues and system compatibility. Incompatibilities between the vendor's APIs and existing systems could require extensive customization, as the	System compatibility challenges, especially with legacy systems, may result in costly upgrades or replacements. Middleware solutions can mitigate these issues but add complexity that must be managed. Disruptions could affect key integrations, such as Pay by Plate meters, parking	Maintaining the current Green P App ensures the continued functionality of these critical integrations, preserving the TPA's investments and minimizing risks associated with complex system compatibility and API issues.

Green P App has evolved to support new use cases since its launch.	occupancy data, gated facility access, and seamless EV and parking services—each of which has required significant lead time and, in some cases, represents industry-first innovations.	
To use the Green P App, customers must maintain sufficient funds in their digital wallet, with a minimum deposit of $20 CAD to open an account. The TPA currently manages approximately $20 million in wallet funds across 2.2 million users. Switching service providers would require a significant reconciliation process to return these funds to users, posing potential operational and financial challenges	Changing providers could disrupt the management of these funds and create an administrative burden due to the need for a large-scale fund reconciliation and transfer. Additionally, customers would need to re-enroll and update their payment information, leading to inconvenience and potential dissatisfaction, which could negatively impact customer retention.	Changing providers could disrupt the management of these funds and create an administrative burden due to the need for a large-scale fund reconciliation and transfer. Additionally, customers would need to re-enroll and update their payment information, leading to inconvenience and potential dissatisfaction, which could negatively impact customer retention.

Based on the risks in Table 1, switching vendors during ongoing digital transformations poses significant challenges. The financial and reputational risks from any decline in Green P App performance exceed our risk tolerance.

Maintaining the Green P App is crucial for TPA's operational efficiency and customer satisfaction. Transitioning to a new app could lead to delays, service disruptions, and integration issues that may undermine current features and user trust. With over 2.2 million users, the Green P App has built a loyal customer base that values its reliability and security. Recent vendor negotiations have secured favorable pricing, preventing cost overruns while allowing us to focus on platform enhancements.

Retaining the app also avoids complexities related to fund management and customer re-enrollment, ensuring a smooth user experience and preserving key integrations. This positions TPA for continued innovation and improved customer service.

Given the app’s success and Passport’s favorable terms (detailed in Confidential Attachment 1), it is recommended that the TPA Board extend the Agreement for two (2) years, with an option for a third year at TPA’s discretion.

CONTACT

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SIGNATURE

W. Scott Collier
President, Toronto Parking Authority

ATTACHMENTS

Attachment 1: Board Memorandum dated February 21, 2014 to Toronto Parking Authority Board

Confidential Attachment 1: Terms for Contract Extension

ATTACHMENT 1

BOARD MEMORANDUM DATED FEBRUARY 21, 2014 TO TORONTO PARKING AUTHORITY BOARD

BOARD MEMORANDUM

1.4

TO: Lorne Persiko

FILE NO: 4021-01

FROM: Ian Maher

DATE: February 21, 2014

SUBJECT: **Authorization to Enter into Negotiations with the Selected Proponent for the TPA Mobile Parking Payments System.**

MEETING	MINUTE
February 27/14	14-012
Approved.	JJ.

MEETING DATE: February 27, 2014

RECOMMENDATION:

It is recommended that the Board of Directors of the Toronto Parking Authority adopt the recommendations contained in the confidential attachment to this report.

Attachments:

Attachment 1: Summary letter from Knowles Canada
Attachment 2: Proposed Recommendations (*Confidential Attachment*)

BACKGROUND:

At their meeting of April 24, 2013, the Board of Directors of the Toronto Parking Authority authorized staff to complete requirements phase documentation and to issue a Request for Proposals for a Mobile Payments Program for use in Authority carparks and at on-street paid parking locations. An open RFP was issued on August 30, 2013 with a closing date of October 15, 2013. Four addendums were later issued with Addenda #1, issued on October 4, 2013, extending the submission date to October 30, 2013. The RFP was posted on MERX. The TPA retained the firm of S.P. Bitterman and Associates to prepare the necessary documents and manage the procurement process, and Knowles Canada to act as fairness monitors for the process. The summary letter from Knowles Canada certifying the process as being fair and transparent is attached to this report.

EVALUATION PROCESS:

The evaluation of submissions was undertaken in four stages with each stage being completed prior to beginning the subsequent phase:

- In **Stage 1**, proponent submissions were reviewed to ensure compliance and the technical requirements were met. Only compliant submissions progressed to stage 2.
- In **Stage 2**, the submissions were scored and 5 were selected to advance to the next round of scoring, that is, the short-listed.
- **Stage 3** comprised of evaluations based on reference checks, presentation and demonstrations, and financial capacity of the short-listed submissions.
- Finally, **Stage 4** was the pricing evaluation, where only the short-listed proponents' cost envelopes were opened and scored accordingly.

1

A consensus scoring approach was applied to Stage 2 and Stage 3, while Stage 4 (costing) was evaluated by way of a formula which was disclosed to the potential proponents as part of Addenda #3 issued on October 15, 2013.

Each short-listed proposal was scored out of 100 points, with 80 points assigned to Stage 2 and 3, and 20 points assigned to the cost (Stage 4). Proponents were required to submit their cost submissions in separately sealed envelopes. Each requirement of Stage 2 and 3 was evaluated and scored using the categories as shown on the evaluation table below.

The following provides the scoring categories for response evaluation:

Quality of Response	Score Assignment (reflects % of available score)
Excellent; All aspects of the requirement have been 100% met with supporting information as to how this will be achieved	100%
Very Good; Meets the Requirements with little supporting information	75%
Acceptable; Most requirements have been met but not all aspects have been addressed	50%
Below expectation; The response provided is not fulsome and does not demonstrate an ability to meet the requirement	25%
No Response; No Response Provided, or Response provided indicated that requirement will not be met	0%

Stage 2, the 'Initial Evaluation', was utilized to ensure the proponents were capable of providing the required solution. It consisted of three categories of evaluation, each of which had a total achievable number of points and a minimum number required in order to advance in the process. The categories and the (total available/minimum) scores required are indicated below:

- Proponent Company Profile (5/3)
- Addressing the Technical Requirements (30/21), and
- Approach and Work plan (18/12)

The results of this stage were utilized to prepare a short-list of five proponents who then moved onto Stage 3 of the evaluation.

Stage 3, the short-listed evaluation, had three categories also. The categories and the (total available/ minimum) scores are indicated below:

- References (3/2)
- Presentation and Demonstration (20/12)
- Company Profile part 2 - Financial (4/3)

Following the scoring of Stage 3, the cost envelopes were opened and the cost scores calculated (**Stage 4**). The scores were consolidated from each stage in order to rank the short-listed proponents, and the Selected Proponent was identified.

Under the terms of the RFP, the highest scoring submission is deemed the ***"Selected Proponent"***, defined as

> ***"The Proponent selected by TPA staff for which TPA staff will seek approval from the Board of Directors to proceed into contract negotiations based on the award of the RFP."***

CONCLUSION:

By adopting the recommendations in the confidential attachment, the Board of Directors will authorize staff to enter into negotiations with the Selected Proponent, who will be deemed the "***Selected Vendor***", which under the terms of the RFP is defined as,

> ***"The Selected Proponent with whom TPA staff have been given approval to proceed into contract negotiations based on the award of the RFP."***

Once TPA staff have successfully completed negotiations with the Selected Vendor, details of the contract will be reported for approval of the Board of Directors.

Knowles
A Hill International Company

Mr. Ian Maher
Vice President, Strategic Planning & IT
Toronto Parking Authority
33 Queen Street East, 2nd Floor
Toronto, Ontario, M5C 1R5

February 20th, 2014

Dear Mr. Maher:

Re: Toronto Parking Authority, Request for Proposal for Mobile Payment Program Procurement Process

Please accept this letter as my attestation of the above referenced RFP procurement process. This report was prepared for the specific purposes of the Toronto Parking Authority. Neither Knowles nor the individual authors of this summary letter bear any liability whatsoever for opinions unauthorized persons may conclude from this letter.

Knowles Consulting Services Inc. ("Knowles") was engaged by the Toronto Parking Authority (the "TPA" or the "Authority") on October 3rd, 2013 as the Fairness Advisor to provide independent oversight throughout the procurement process to select a Successful Vendor to deliver a cost-effective mobile parking payment alternative for the TPA's customers, which is for a three (3) year term, with the option to extend for a two (2) year term, at TPA's discretion as per RFP section 1.5.

Knowles participated in the validation of the procurement process and provided oversight throughout the process. The scope of our services were to provide professional fairness advisory services to the TPA's project team and supporting consultants and advisors, as needed and to provide assurance to that the process administered fell into alignment with the principles of fairness and best practices of public municipal procurement. In my opinion the TPA has taken reasonable due diligence steps in their evaluation of the responses to the RFP to provide a mobile payments program services solution for the Authority's competitive process. This fairness summary letter will cover the RFP process. Our conclusions are based on our first hand observations of the RFP process.

The following chart provides a summary of Knowles' involvement and findings:

Scope	Task	Fair (Yes/No)
1	Review of Request for Proposal (RFP) documentation post-issuance	Yes
2	Review draft Addenda and Q & A responses and comment	Yes
3	Ensure that the procurement process, communication with the TPA and basis for selection were clearly stated in the RFP	Yes
4	Review draft evaluation guideline document, evaluation score card and consensus meeting tools	Yes
5	Attend all compliance review discussions, evaluation consensus meetings and Presentation and Demonstration Sessions and monitored overall process	Yes
6	Confirm that the procurement process and basis for selection stated in the RFP were respected	Yes
7	Attend debriefing of Proponents as required	Pending

RFP Process

The Toronto Parking Authority's staff managed the RFP process with the additional support of P.B. IT Consultant Inc., who was engaged to provide procurement technical advice to TPA staff to prepare the draft and final RFP documentation, addenda, and responses to Proponent questions via addenda ad all evaluation materials. TPA provided a public webcast for all interested respondents on September 19th, 2013. As Knowles' Fairness Advisor services were acquired during the RFP open period in Early October, we cannot comment on the fairness of any steps in the process which took place prior to our engagement, however the team did provide us with a full and detailed understanding of the purpose and goal of the RFP acquisition of services and the rigorous and industry research steps that were taken to develop the requirements of the RFP which in our opinion we believe did reflect the legitimate needs of the TPA project.

In addition, Knowles was given an opportunity to provide comments on the issued RFP document and where we provided fairness comments either in track changes or verbally in face-to-face meetings with the project team, we saw a substantive and diligent effort on the part of the TPA and its representatives to implement the changes we recommended to improve either the clarity of their document, evaluation methodology and approach, and the submission requirements being requested. It is our opinion that these improvements further supported the TPA's stride to administer a fair, open and transparent process, and to ensure that the criteria provided to Proponents could be objectively evaluated while still demonstrating the qualities required of the Successful Vendor that the TPA would contract with to deliver the Mobile Payment Program services.

Once on board Knowles, as the Fairness Advisor, was routinely consulted for potential and actual matters of fairness or procurement related risks and/or developments in a generally proactive manner through a series of face-to-face or teleconference meetings, and were generally kept in the loop at all critical points in the process which we thought was successfully incorporated. Knowles provided an evaluator training/orientation and recommendations for process enhancements to support the fairness and transparency during the evaluation process.

We were satisfied that the Authority's key project team members and project lead were qualified to evaluate the materials provided to them and demonstrated a good working knowledge of the application services they were procuring and the reasonable business factors including economics and administration that were encompassed in the services being procured. Where the team deemed that additional resources or expertise was warranted they sought to add those services to their team, to the benefit of the procurement. The TPA engaged a City legal advisor, a procurement process/technical advisor, as well as a Fairness Advisor to support the efforts of the TPA for the purposes of responding ethically and fairly to all Proponents who participated in this process.

I witnessed a concerted effort by the TPA, the evaluation team and the advisory support team to satisfy the City of Toronto municipal standards and public procurement best practices for administering an open, fair and transparent procurement process.

Communications and Security

In accordance with the RFP section 2.4, all communications with the TPA during the open period were conducted in writing by email to, MobileRFP@greenpparking.com, with a designated project team member from the TPA who had authority to manage all communication received. The process advisor and technical advisor who managed the procurement was also provided the authority to access, review and respond to emails received via this webmail site during the RFP process. During the process, a deadline for questions was established and respected. Responses were provided by way of addenda to the RFP of which there were four (4) addendums issued prior to RFP close and submission receipt.

All evaluators and evaluation process participants who had access to the proposal submissions were required to sign a Non-Disclosure and Conflict of Interest Declaration Agreements, similar in nature to that used by the City of Toronto procurement processes, confirming that they would respect and uphold the confidentiality of the procurement process and the proprietary information that would be provided to them in the form of Proponent submissions and all applicable communications and documents that were developed during this process for the purposes of the Mobile Payments Program services acquisition.

Once the submissions were distributed, all team members were asked to disclose any Conflicts of Interest that they recognized, and again no matters arose that were brought to our attention, beyond industry familiarity or working relationships that exist as a result of TPA's core business, and the services being procured through this RFP. All team members were asked not to discuss the RFP process, nor status with anyone not directly involved.

In addition, to the best of our knowledge, confidential information was properly safeguarded and managed throughout the process with a minimum of two levels of security if not more being maintained at all times during the process which was recommended by Knowles during the evaluation training session. We personally confirmed that all envelope 2 (pricing information) submissions received by the TPA were stored behind four levels of security (3 pass and key doors, and a secured safe), which was not accessible by any of the evaluation team members.

Evaluation Process

RFP document and the subsequent evaluation process were conducted in a diligent, consistent and fair manner. The RFP was issued on August 30th, 2013, and Proponents had adequate time to prepare their Proposal submissions as TPA did extend the RFP deadline from October 15th, 2013 (which originally provided approx. 7 weeks) which then was amended to October 30th, 2013 (which then provided approx. 9 weeks to prepare their proposal responses.

- Thirteen (13) timely submissions were received for this RFP request issued on Merx.ca (a widely used secured public tendering site).
- Stage 1 – During the RFP compliance review process, one (1) submission did not successfully meet the Appendix A - Mandatory requirements of the RFP and was removed from further consideration in the next stages of the evaluation process. And two, (2) submissions did not successfully meet the Section 5 - compliance review technical requirements, which were reviewed on a Pass/Fail basis.
- Stage 2 - During the evaluation of the rated requirements which tested, previous experience delivering relevant and/ or comparable solutions, qualifications of the individuals and the proposed implementation schedule and support plan for the MPP services delivery, four (4) Proponents failed to successfully meet the evaluation thresholds for this stage in the procurement process. There was a total of 53 points available in this stage of the evaluation process, but specifically all teams were required to meet the minimum scoring thresholds of each evaluated category section to be considered any further :
    - Proponent Profile Section – 3/5 points (2 Proponents did not meet this threshold)
    - Technical Requirements – 21/30 (all 10 Proponents met this threshold)
    - Approach and Work plan – 12/18 (3 Proponents did not meet this threshold)
- As a result of the stage 2 evaluation process, six Proponents successfully met all the rated scoring requirements, however the evaluation process only specified that the highest scoring five (5) Proponents would be shortlisted, and the TPA was consistent here, and issued the shortlisted notifications to the applicable Proponents with invitations to the Stage 3 presentation and demonstration process. And the sixth highest scoring Proponent was not shortlisted.

- Stage 3 – Reference Checks, Presentation and Demonstrations and financial Capacity Evaluation. This portion of the evaluation was worth 27 available points, and all teams were required to meet the minimum scoring thresholds of each evaluated category section to be considered further:
  - Reference Check Section – 2/3 points (all 5 Proponents met this threshold)
  - Presentation and Demonstration Section – 12/20 points (all 5 Proponents met this threshold)
  - Financial Capacity Strength Information – 3 /4 points (all 5 Proponents met this threshold)
- Stage 4 – Pricing Evaluation (20 points available)– During this stage the sealed envelope 2 packages from all of the shortlisted Proponents whom had successfully satisfied all of the minimum Stage 3 scoring threshold requirements, were opened and through a relative scoring formula whereby the lowest costing Proponent would receive 20 points, and all other Proponents would then be scored accordingly.
- All TPA evaluation team members reviewed and approved the results of the Stage 1, Stage 2, Stage 3 and Stage 4 processes. At this point both the scores from all stages of the evaluation were added together to form the cumulative final proposal score for each Proponent which was approved unanimously by all voting members.
- The RFP evaluation results identified the highest scoring Proponent, who in the TPA process, was recommended to be the Selected Proponent to pursue negotiations with to solidify a contract following acceptance from the Toronto Parking Authority Board of Directors.

Conclusions

As the Fairness Advisors for Request for Proposal for a Mobile Payments Program Application Solution, we certify that the RFP procurement process was, in our opinion, fair, open and transparent and that Proponents received consistent treatment throughout the process. Furthermore, we are not aware of any issues that would impair the fairness of this procurement.

Knowles confirms that the recommended Selected Proponent successfully satisfied all required Mandatory Requirements and scoring thresholds for the rated requirements of the RFP evaluation process and is in fact the highest scoring Proponent in this process to do so.

Our recommendations were based on the encouraged adherence to the principles of fairness and the internal policies of the TPA, and the City of Toronto municipal standards which the process strived to uphold which were supported by the participation of both the City's representatives and external advisor acquired for the RFP process, who provided document reviews, due diligence and drafting advice as requested by the team for which we monitored. For the purposes of this letter, our services ended at the completion of the evaluation process, and identification of the Selected Proponent whom is recommended to continue into negotiations with the Toronto Parking Authority.

Yours truly,

Knowles Consultancy Services Inc.

Andrea Robinson, Consultant
Knowles Consultancy Services Inc. (Knowles Canada)

BOARD MEMORANDUM

In-Camera

TO:	Lorne Persiko	FILE NO: 4021-01
FROM:	Ian Maher	DATE: February 21, 2014

SUBJECT: **CONFIDENTIAL ATTACHMENT to the Memorandum entitled "*Authorization to Enter into Negotiations with the Selected Proponent for the TPA Mobile Parking Payments System.*"**

MEETING DATE: February 27, 2014

RECOMMENDATION:

It is recommended that the Board of Directors of the Toronto Parking Authority:

1. **Confirm PassportParking LLC as the "*Selected Vendor*" as defined in the "*Toronto Parking Authority Request for Proposal For Mobile Parking Payments Program*" as recommended by the TPA Evaluation Committee and authorize TPA Staff to proceed into contract negotiations with PassportParking LLC.**

2. **In the event negotiations with the Selected Vendor are not successful, authorize TPA staff to enter into negotiations with the second-ranked Proponent, as identified in this report.**

3. **Authorize the expenditure of funds in an amount not to exceed $60,000 to Borden Ladner Gervais to provide legal services in conjunction with the preparation of the contract for recommendation 1 above.**

4. **Upon the adoption of Recommendations of 1, 2, and 3, authorize TPA staff to release the name of the Selected Vendor.**

BACKGROUND:

The details of the RFP process are contained in the report on the public agenda. Details on the Selected Proponent and their submission is contained herein.

A total of 13 submissions were received. In **Stage 1**, three were excluded due to failure to meet the compliance and technical requirements review. In **Stage 2**, the remaining 10 submissions were scored and 5 were selected to advance to the next round of scoring, that is, the short-listed. **Stage 3** consisted of evaluations based on reference checks, presentation and demonstrations, and financial capacity of the short-listed submissions. Finally, **Stage 4** was the pricing evaluation, where only the short-listed Proponents' cost envelopes were opened and scored accordingly.

As a result, the scores from each stage were consolidated and the Selected Proponent, the top-scoring proponent, was identified as ***PassportParking LLC***.

TOP 3 RANKING PROPONENTS:

The following are the top 3 ranking proponents, in order of highest ranked to lowest ranked:

1. PassportParking LLC (the Selected Proponent)
2. Mobile!Now
3. Gtechna/Parkmobile

THE SELECTED PROPONENT

According to the PassportParking submission:

> "PassportParking is a fully integrated provider of cloud-based parking solutions based out of Charlotte, NC. The company was founded by a proven and experienced management team with over 25 years of combined parking industry experience. There are currently 12 people on the team that are 100% dedicated to parking software development and support. All of our development is completed in-house without the use or reliance of third-party subcontractors.
>
> The company has also met the requirements for certification as a bona fide Minority Business Enterprise (US) as defined by the National Minority Supplier Development Council, Inc. (NMSDC)
>
> PassportParking was founded in 2010 and is financially backed by institutional investors. We are currently represented in over 36 states in the US and Spain.
>
> Our hosted suite of software offerings includes the following:
>
> - Mobile payment (mobile applications, web, IVR, SMS)
> - Electronic Validation
> - Citation Management
> - Contract/Permit Management
> - Event Management
>
> We have integrations with many of the main hardware providers including:
>
> - Digital Payment Technologies- Multi-space meters
> - Cale America- Multi-space meters
> - APARC Systems- Multi-space meters and enforcement
> - EDC Corporation (AIMS) – Enforcement
>
> However, our architecture allows for seamless integration of external enforcement solutions, as chosen by the City of Toronto."

Subsequent to their submission, PassportParking was awarded similar mobile payment contracts for the City of Omaha and the City of Chicago.

In addition, the company raised $6 million in funding by Grotech Ventures and Relevance Capital in late 2013.

COST SUBMISSION OF THE SELECTED PROPONENT:

The Selected Proponent was also the lowest cost submission. The submitted cost to the TPA is $2,237,500 for five years. Cost by year is as follows:

Year	Cost
1	$322,500
2	$407,500
3	$502,500
4	$502,500
5	$502,500
Total	**$2,237,500**

This cost is for the indicated base volume of 5,000,000 transactions per year (+/- 20% as per Appendix E of the RFP). The per transaction cost is just under $0.08 at the upper limit of the volume. In addition to this, the TPA has agreed to pay the enforcement vendor a fee of $0.025 per transaction. The typical cost in the industry where it is charged to the customer as a per transaction convenience fee is between $0.25 and $0.40 and our cost is below half of that. Costs beyond this volume will be part of the negotiations. Please note that the initial contract is to be for 3 years, with a one two-year option, which lowers the committed costs at the maximum volume to below $0.07 per transaction for the three year period.

The approved 2014 Operating Budget includes $483,400 for development cost of the pilot project for the Mobile Parking Payments Program, whilst the 2014 Capital Budget includes $820,000 for signage costs involved.

To date, $75,000 was approved by the Board of Directors at its meeting of December 19th, 2013 in the report entitled, "Request for Funding Authorization - Mobile Payments Plus- Requirements Phase Preparation- Part 2" for services of S.P. Bitterman and Associates. Pending the approval of the Board of Directors at this meeting, the report entitled, "Request for Funding Authorization- Mobile Payments- Retention of Knowles Consultancy Services Inc." seeks approval for $25,000 for the services of Knowles Consultancy Services Inc.

CONCLUSION:

Once the Selected Proponent is deemed the Selected Vendor, as per the evaluation process overview (4.1.3 of the RFP), TPA Staff will enter into comprehensive negotiations toward a contractual agreement with the Selected Vendor for the provision of the proposed TPA Mobile Parking Payments System.

Should the TPA be unable to finalize negotiations with this Selected Vendor, the TPA reserves the right to approach what TPA has determined as the next ranked Proponent and attempt to finalize a contractual agreement with that Proponent. Any agreement is subject to the approval of the TPA Board of Directors.