



Professional Account Management, LLC
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November 5, 2012

Mr. Wayne Garcia
Sr. Management Analyst II
City of Los Angeles, Department of Transportation
100 S. Main Street, 10th Floor
Los Angeles, CA 90012

Date: 5-22-13
Submitted in Trans Committee
Council File No: 13-0586
Item No.: 8
Deputy: [Signature]

Re: Citation Processing, Collection & Operation of Parking Violations Bureau – Best and Final Offer

Dear Mr. Garcia:

Duncan Solutions (bidding as Professional Account Management, LLC) recognizes that the City of Los Angeles faces a fiscal crisis. Fortunately, the timing of this procurement affords the City the opportunity to select a vendor with a proud history of collecting parking debt and to replace a vendor who has consistently underperformed.

Up to \$2.7 Million Annually from 10% Price Reduction

Duncan's commitment to serving the City is genuine and, in that spirit of partnership, we have reviewed our price proposal and have reduced our prices by 10% across the board, including our innovative Option 4. Depending on which option the City chooses, this reduction in our bid price represents a savings of \$0.7-\$2.7 million annually to the City.

However, price is just one of the four factors that the City must evaluate in determining who will be the best partner to help the City maximize net parking program revenues and performance. The other three factors are briefly reviewed below and, if the City engages with Duncan in a collaborative partnership to achieve these outcomes, will deliver dramatic revenue increases at a time when the City and the Department sorely need them.

\$10-\$15 Million Annual Revenue Increase from Enhanced Collections Strategies

As clearly documented in our proposal, discussed in detail during our oral presentation, and supported by our references, Duncan has devised specific collections strategies for Los Angeles which will increase the City's revenues by \$10-\$15 million annually. These additional revenues will more than offset any higher costs associated with Duncan establishing new program infrastructure and restoring world-class technology and service to LADOT's parking program.

\$3.5-\$4 Million Annual Revenue Increase to the City from an Innovative Approach to the Special Collections Fee

At Duncan, we view ourselves as a strategic partner with our clients, intent on bringing creative and innovative strategies to bear on their particular challenges. In examining every aspect of the City's parking program for improvement, we researched the California Vehicle Code (Section 40200.4(f)) and the City's Municipal Code (Division W, Section 89.60) pertaining to special collections. With a revision to City ordinance, the Special Collections fee assessed to the delinquent violator can be reasonably increased by \$11 above Duncan's proposed collections fee. This entire \$11 increment (WHICH IS COMPLETELY ABSORBED BY THE MOTORIST and only assessed after the motorist ignores posted regulations, the subsequent citation, and multiple notices) would be entirely retained by the City and used to offset the "collections-related" portion of the processing fee (paid by the City). Based on the increased number of special collections payments that Duncan will generate, this \$11 fee will generate an additional \$3.5-\$4 million annually for the City.

Up to \$50 Million Annual Revenue Increase from Restoration of Historical Ticket Issuance Levels

Twenty years ago when the City had a committed partner providing these services, the collective efforts of LADOT and the vendor contributed to the City issuing over 4 million citations. Ten years ago in the 2002 RFP for these services (p. 2), the City stated that, "City parking citation issuance averages approximately 3.3 million citations annually." Today, after nearly three decades with the same vendor, citation issuance is at 2.6 million. LADOT has brought in new general and enforcement management in an effort to restore the program and its historical issuance, however, LADOT cannot do it alone. The City's vendor has primary responsibility for providing the technology, reporting, analytical support and training necessary for LADOT to do so. It is clear that this "partnership" is no longer productive and, given the financial crisis facing the City, must change.

Duncan is committed to delivering the resources, staff and focus needed to work in true partnership with LADOT to **restore issuance to historical levels within two years**. Duncan's team includes staff who worked with the City in the past to achieve these levels of productivity but who left the City's current vendor and brought their energy, motivation and expertise to Duncan so as to resume delivering the quality of service that clients should expect. Combined with our increased yield from every citation issued, a two-year program to jointly restore annual issuance to 3.3 million citations will generate an additional \$21 million in the first year (issuance of 2.9 million) and \$50 million (issuance of 3.3 million) every year thereafter for the City.

Conclusion

In summary, the City has two choices – "No Win" versus "Can't Lose."

Under the "No Win" option, the Department sticks with the 27-year status quo because its underperforming vendor and their out-of-state subcontractor offer a low price that will surely result in even more degraded service over the next contract term.

In contrast, Duncan represents a fresh alternative and a "Can't Lose" option. As demonstrated throughout our proposal, we are innovative, we have devised specific, creative solutions to LADOT's longstanding problems, we are credible having attracted IBM and a number of reputable, diverse local firms to our team, and – most importantly in today's fiscal climate – we have designed a solution that will increase the City's annual parking revenues by nearly \$69 million within two years as shown below for a total revenue increase of \$315 million during the contract term.

REVENUE ENHANCEMENTS FROM DUNCAN'S BID (\$M)	Year 1	Year 2	Year 3	Year 4	Year 5
10% Price Reduction (\$0.7-\$2.7m)	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7
Enhanced Collection Strategies (\$10-\$15m)	\$12.5	\$12.5	\$12.5	\$12.5	\$12.5
Innovative Special Collections Fee Approach (\$3.5-\$4m)	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5
Increased Issuance (two-year plan to 3.3m citations)	\$21.5	\$50.0	\$50.0	\$50.0	\$50.0
TOTAL ANNUAL REVENUE INCREASE	\$40.2	\$68.7	\$68.7	\$68.7	\$68.7
CUMULATIVE TOTAL					\$315.0

Furthermore, we are willing to guarantee the City the revenue increase necessary to pay for our superior service.

We look forward to being the City's partner.

Sincerely,



Michael J. Nickolaus
President & CEO, Duncan Solutions, Inc.

Attachment: Last Best and Final Offer Price Proposal