



CITY OF POMONA

VEHICLE PARKING DISTRICT

STAFF REPORT

Date: December 14, 2017 Agenda Item No. : 12-14-05

To: Chair and Vehicle Parking District Board of the Commissioners

Submitted by: Kirk Pelser, Deputy City Manager *Pelser*

Prepared by: Joaquin Wong, Senior Project Manager

Subject: T2/DIGITAL PARKING PAYMENT KIOSK PAYMENT CARD INDUSTRY (PMI) AND EUROPAY, MASTER CARD AND VISA CARD (EMV) SECURITY NON-COMPLIANCE AND PROCUREMENT OF NEW MACHINES

SUMMARY

Recommendations – That the Board of Parking Place Commissioners authorize staff to produce specifications and / or a request for proposal (RFP) to purchase new PMI and EMV compliant parking payment kiosks.

Fiscal Impact – The exact cost is unknown at this time. However, based on costs obtained from other municipalities the estimated per unit costs are in the range of \$6,000 to \$12,000. To replace the existing 17 units the estimated cost would be approximately \$102,000 to \$204,000.

Previous Vehicle Parking District Ad-Hoc Committee Action – At the November 28, 2017, VPD Ad-Hoc Committee meeting, staff and JR Parking Consultants presented the above subject matter to the Committee. The Committee unanimously directed staff to recommend to the Board of Parking Place Commissioners purchasing new parking payment kiosks.

BACKGROUND

On October 2017, T2 Systems (formerly T2 /Digital) informed staff that the VPD's Luke Radius parking payment kiosk C3 controllers (the CPU of the unit) would no longer be Payment Card Industry (PCI) compliant due to unsupported software. Compliancy was supposed to occur by October 2015, consequently, vendors from all fields were unable to transition into PCI conformance in a timely manner and as such, the banking industry did not enforce compliancy. T2 has indicated that banks are now beginning to enforce compliance by reversing fraudulent activity liability back to the provider. Additionally, approximately 8 years ago when the VPD purchased the machines, credit card chips were non-existent, therefore the kiosks were not designed to accept an aftermarket credit card chip readers. Although enforcement is not being

enforced at this time (because not all providers have been able to install chip readers), the shift of liability is predicted to occur in the near future. This also makes our units Europay, Mater Card, Visa Card (EMV) non-compliant. This potentially puts the VDP/City at risk for fraudulent activities liability.

As a temporary option, T2 offered to sell the VPD reprogrammed C4 controllers that will enable the units to operate with new Microsoft PCI compliant software; however, T2 can only guarantee that they will remain compatible until 2021 (3 years). Moreover, there is no means to become EMI compliant, as the kiosks cannot accept a credit card chip reader. The cost for the new (rebuilt) C4 controllers is \$1,790 per unit, which for our 17 units would cost approximately \$33,200 including tax, but not delivery.

DISCUSSION

Replacing the C3 controllers with the upgraded C4 controllers is a short term non-viable solution that will leave the VPD vulnerable to potential credit card fraud liability since there is no way the units can be made EMV compliant. The better option is to replace the units with new units that are software, hardware and banking industry compliant.

JR Parking Consultants was able to obtain competitive pricing through cooperative group procurement. The County of Los Angeles and the cities of Placerville, Sacramento, Seal Beach, City of LA, and South Lake Tahoe recently purchased new units at very competitive prices. Staff is seeking to “piggy-back” on their procurement and is currently working with the City’s Legal and Purchasing Department to determine if the City’s purchasing policy and process will allow the VPD to do so. Staff will review to assure that the specifications meet the needs of the VPD and the units will be compatible with future parking control equipment for any potential parking structure or future lots.

Staff has begun to prepare preliminary specification and request for proposal. Once completed, the documents will be presented to the Board of Parking Place Commissioners for review and approval.