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Database Consultants Australia – Extension of Pinforce and AT Park Support and Contract Framework Agreements.

For decision:

For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) approve the “Licensing and Support” and “Project Framework” Agreements (together, the Agreements) for 5-year terms and
- b) delegate authority to the Chief Executive to sign the Agreements.

Te whakarāpopototanga matua / Executive summary

1. Approval is sought to extend Auckland Transport’s (AT) engagement with Database Consultants Australia (DCA) for a 5-year term extension, with a total estimated contract value of \$5.6m over the 5 years.
2. Currently this engagement with DCA is across three agreements (Pinforce, AT Park and Project Framework agreements). With the Pinforce licensing agreement expiring (at the end of a 5-year term), AT has taken this opportunity to consolidate the engagement into two new agreements: a “Licensing and Support Agreement” and a “Project Framework Agreement”.
3. The technologies and contracts have evolved over the last ten years, as the technology and parking management strategy has evolved.
4. This consolidation will allow irrelevant legacy contract provisions to be removed and the contract terms to be refreshed. A 12-month termination for convenience provision has also been included in both Agreements.
5. The current technical solutions provided by DCA are among the foundation software set that supports AT’s parking service operations and delivery. They provide applications for infringements, electronic permits and parking session management. This foundation will underpin the continued integration of AT Park into the off-street parking environment including the potential of park and rides.
6. This engagement facilitates the collection and management of approximately \$45m of annual revenue. 4,000 to 6,000 new AT Park users are added per month, resulting in AT Park managing 38 per cent of on-street parking revenue, and growing in share.

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Ngā tuhinga ō mua / Previous deliberations

7. There are no previous deliberations.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

8. AT's Technology and Procurement Strategies recognise and promote the value of strategic partnerships and supplier led innovation. AT has made a strategic investment in DCA's technology platforms and applications over the last 10 years. This investment enables AT to benefit from DCA's innovations and regular product enhancements which in turn help enhance the customer experience across the parking environments. The proposed five-year extension gives revenue certainty to DCA to continue investing in improvements while still allowing AT flexibility to revisit its strategy within the term and, if deemed appropriate, terminate the agreements with 12 months' notice.
9. Parking management makes up a significant percentage of AT's current revenues. This can be divided into the following revenue streams:
 - On-street parking revenue
 - Off-street parking revenue
 - Parking compliance revenue
 - Special vehicle lane enforcement revenue.
10. This revenue is fundamental to AT's ability to cover its operating expenditure and ultimately deliver the objectives outlined in the AT Parking Strategy and the current Statement of Intent.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

11. DCA is a critical part of AT's parking technology vendor environment. DCA's systems integrate with all other parking technology provider's systems to facilitate service delivery and contribute to the overall customer experience. The current parking technology vendor landscape is set out below:
12. Database Consultants Australia (DCA):
 - Pinforce – Compliance Infringement Management
 - E-Permits - Permit Management
 - AT Park – Parking Payment application

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13. Infor:

- Pathway – Compliance Customer Management (integrated with AT Park)

14. Automated Solution Limited:

- License Plate Recognition Off Street Parking Systems (integrated with AT Park)

15. Datacom:

- License Plate Recognition On-Street Compliance System (integrated with AT Park)

16. Global Integrated Solutions Limited:

- Pay by Plate On street Parking Meters (integrated with AT Park)

Options Review - 2019

17. In 2019 the AT parking management team undertook a review of the current parking infringement management solutions to better understand the current state and assess other options. Following the review, it was decided that the preferred option was to continue with the current solution. Key rationale for the decision is set out below:

- High Performing Supplier - performance measured against key SLA's monthly consistently meets or exceeds expectations.
- Cost of change - the cost of moving away from DCA's solutions will be substantial impacting on all parking technology providers.
- Risk of change - DCAs technologies provide a direct interface with our customers and contribute to the overall customer experience. Any change required substantial change management with internal and external stakeholders and users.

18. The emergency budget makes solution change in the next two years challenging noting transition costs are likely to be several million dollars.

Future State

19. This is an opportunity to capitalise on the strong uptake of AT Park by consolidating Pay by Plate machines, particularly cash machines. Increased parking session management through AT Park will provide cost savings on maintenance and cash management.

20. AT Park sees 4,000 to 6,000 new users added per month. This is reflected in the percentage revenue share, split between AT Park and On Street Parking Meters. Pre-Covid-19, AT Park managed 30 per cent of on-street parking revenue. This has risen to 38 per cent post-Covid-19.

21. Strategically, moving more parking management to AT Park will increase our investment in DCA and further strengthen the relationship.

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Licensing

22. Licensing across the range of applications provided by DCA is being optimised and simplified in order to ensure flexibility of licensing and optimise value for money for AT.

Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
Challenge from alternate providers who offer a similar solution	Government sourcing rules support staying with existing technology solutions when value for money is unlikely to be obtained, or the cost/risk of change is too high. An extension would be consistent with the existing AT procurement policy. A 12 month termination clause is also part of the new contract in case of AT strategic change or significant market / technology changes occur that may offer alternatives.
Value is not obtained by staying with the current solutions.	AT investigated in 2019 the possibility of moving to a single, compliance management solution to replace Pinforce and Pathway. The outcome of the review was that value was being obtained from the current solutions and strong supplier relationships support this.
DCA goes into receivership or liquidation, or default on their contract	The base code for ATPark is protected by ESCROW (independent secure code protection) to enable AT to have access if this risk eventuates
The disposal of AT off-street assets and subsequent reduction of ATPark licence requirements	Ensure in the new contract agreement that these risks are catered for
Re-tendering carries a substantive degree of risk and cost.	Continue with core and proven products from the existing supplier, and continue to build strategic relationship to ensure continued innovation and performance

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

23. Revenue currently managed by the incumbent solution has been consistently growing and is currently ca.\$45M per annum.

Revenue Item	Fiscal Year 2020	Fiscal Year 2021 YTD
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Enforcement – Bus Lanes	\$20,026,190.00	\$16,855,519.00
Parking Infringement Notices	\$8,981,041.00	10,252,402.00
Traffic Enforcement Notices	\$14,967,834.00	\$19,141,295.00
Total	\$44,870,272.00	\$47,367,186.00

24. The table below details the projected costs related to this engagement:

	Pinforce Support and Maintenance Agreement	AT Park Support and Maintenance	Project Framework
Annual Spend	\$380,000.00	\$540,000.00	\$200,000.00

Ngā reo o mana whenua rātou ko ngā mema pooti, ko ngā roopu kei raro i te maru o te Kaunihera, ko ngā hāpori katoa / Voice of mana whenua, elected members, Council Controlled Organisations, customer and community

25. There is no direct mana whenua, elected member, Council Controlled Organisation, customer or community impacts related to the contract extension request.

Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

26. Supports the ongoing fight against Covid 19 by providing the public with a ‘contactless’ payment method for parking.

Ā muri ake nei / Next steps

27. On board approval, the duly negotiated agreements will be presented to the CE for signing and execution.



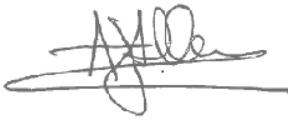
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28. Monthly commercial and operational meetings will continue to monitor supplier service levels against contract expectations.

Te whakapiringa / Attachment

Description	
1	N/A

Te pou whenua tuhinga / Document ownership

Submitted by	John Strawbridge Group Manager Parking Services and Compliance	
	Andy Richards Group Manager Procurement	
Endorsed By	Roger Jones Executive General Manager Business Technology	
Recommended by	Andrew Allen Executive General Manager Service Delivery	
Approved for submission	Shane Ellison Chief Executive	