

7.7 Contract No. 2023/95 - Parking In-Ground Sensors

Executive Summary

Purpose

The purpose of this report is to seek Council approval to award Contract No. 2023/95 Parking In-Ground Sensors to Orikan (formerly Digital Consultants Australia (D.C.A.)). An exemption to the public tender process for this contract was approved under Section 6.6: Exemptions of the Procurement Policy 2021-25 by the Chief Executive Officer. Under this contract, Orikan will provide:

- installation of parking In-Ground Sensors (IGS);
- annual maintenance services;
- supporting technology and devices; and
- replacement of existing sensors that have reached the end of their life.

Background

This contract will replace an existing Contract *2018/110 - Parking Guidance System - Kew Junction*, which expired in August 2023.

In 2018, Contract *2018/110* was entered into by the Boroondara Council with then D.C.A. (now Orikan) to implement 429 IGS in Kew Junction. This included digital wayfinding signage for motorists, which were linked to the sensors. It also allowed Council to monitor the carparks for enforcement purposes, enabling officers to issue infringements as vehicles overstayed and provide a more efficient and accurate parking service. Kew Junction was the first of a planned, larger program that will see a network of IGS rolled out across the City of Boroondara over the next several years.

A subsequent rollout of 590 IGS was delivered to Camberwell Junction in 2022, also within Council off-street carparks. These rollouts delivered to expectations in technical performance and reliability, hosting services, ongoing maintenance and technical upgrades.

A new contract is required for the continued implementation of the IGS network, including the installation of additional IGS in 2023/24, 2024/25 and 2025/26, which is included in relevant annual budgets. Future years beyond 2025/26 will be determined by new annual budget bids, in line with the annual budgeting process. A new contract will also enable the existing IGS to be maintained and replaced at end of life and the supporting IT systems to continue.

Key Issues

1. Lack of a viable alternative vendor to Orikan

- A market scan by the organisation has confirmed Orikan (DCA) as the market leader and only provider of a service that fully meets Council's requirements.
- There are four providers of IGS networks and supporting technology in Australia. Two have only limited penetration into the local government market and do not offer the full suite of services Boroondara requires.

- Both Orikan and Duncan Solutions have a comprehensive local government service offering. However, Duncan Solutions has no significant offering that is not already provided by Orikan and has no proven setup that could be directly transferred to Boroondara without impacting business operations.
- Orikan's product offering is superior in meeting future strategic needs including digital parking permits and licence plate recognition technology.

2. Critical existing contractor relationship

- Orikan has a critical existing contractor relationship with Boroondara spanning over 15 years with established IT infrastructure and integrations with Council platforms.
- To consider any new vendor would mean no integration between systems either on the ground with mobile devices or with Council's back-end systems. This would cause significant disruption to Council's service if it were to be changed and at significant financial cost.
- The suite of technology is proprietary to Orikan who will not permit it to be used with another provider's software. Switching to an alternative vendor would come at significant cost and is not considered feasible at this time.

Given Boroondara is about to go through a technology transformation, which includes new Core Systems, it is prudent to wait until the completion of this transformation before considering any change in the parking IGS vendor.

Consequently, an exemption from Tender was sought from and approved by the Chief Executive Officer (see **Confidential Attachment 1**).

Following the approval of the exemption from tendering by the CEO, Council approval is now required for the contract arrangements to be put in place.

Next Steps

Upon award of the contract, Council will oversee the management and execution of these services.

Confidentiality

Confidential information is contained in **Attachments 1 and 2**, as circulated in the confidential section of the agenda attachments. The information in this attachment is deemed to be confidential in accordance with Section 66(2)(a) and the definition of 'confidential information' in Section 3(1) of the Local Government Act 2020. The information relates to private commercial information, being information provided by a business, commercial or financial undertaking that—(i) relates to trade secrets; or (ii) if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

If discussion of the confidential information in the attachments to this report is required for Council to make a decision, Council may resolve to discuss the matter in a confidential session or to defer the matter to the confidential section of the agenda.

Officers' recommendation

That Council resolve to:

1. Approve the awarding of Contract No. 2023/95 Parking In-Ground Sensors to Orikan with a schedule of rates with an estimated cost of \$610,000, for a five-year term with a 2-year extension.
2. Authorise the Director Urban Living to sign and execute the contracts on behalf of the Council with Orikan.
3. Authorise the Director Urban Living to negotiate and execute future contract variations in accordance with each year's approved annual budget and for the optional extension periods.
4. Note that expenditure under this contract has been provided for in Council's adopted budget for the financial year 2023/24, and foreshadowed for 2024/25 and 2025/26. Future years expenditure is foreshadowed and to be sought in budget allocations.

Responsible director: Scott Walker, Director Urban Living

1. Purpose

The purpose of this report is to seek Council approval to award Contract No. 2023/95 Parking In-Ground Sensors to Orikan (formerly Digital Consultants Australia (D.C.A.)). An exemption to the public tender process for this contract was approved under Section 6.6: Exemptions of the Procurement Policy 2021-25 by the Chief Executive Officer. Under this contract, Orikan will provide:

- installation of parking In-Ground Sensors (IGS);
- annual maintenance services;
- supporting technology and devices; and
- replacement of existing sensors that have reached the end of their life.

2. Policy implications and relevance to community plan and council plan

The policy position of Council in relation to parking is aligned with the following priority themes in the Boroondara Community Plan:

- Theme 5: Moving around - Travel options are safe, efficient and accessible, with active and public transport encouraged; and
- Priority Theme 7: Leadership and Governance:
 - 7.1 - Decision-making is transparent and accountable through open governance processes with timely communication and reporting.
 - 7.2 - Resources are responsibility allocated and used through sound financial and asset planning, procurement and risk management practices.

Other linked Council documents include the:

- Parking Permit Policy 2016,
- Parking Management Policy 2017, and
- Amenity Local Law 2019

3. Background

In 2018, Council entered into Contract 2018110 with Digital Consulting Australia (now called Orikan) to implement 429 IGS in Kew Junction in November 2020 as part of a new Parking Guidance System Program to improve parking management and vehicle turnover.

The new system provides a streamlined, customer friendly payment option. It also allows Council to monitor the carparks for enforcement purposes, enabling officers to issue infringements and provide a more efficient parking service when vehicles overstay and undermine fair access to commercial and other key activities. The parking IGS rollout program is to continue over several years providing a network of IGS across the City of Boroondara.

The vendor was initially selected in 2018 as the preferred supplier for the IGS technology from a thorough procurement process due to its market-leading technology, value for money, integrated service offering and deep industry experience with clients such as Melbourne, Yarra and Port Phillip Councils.

Orikan successfully delivered its sensors and hosting services for Kew Junction and subsequently has supplied a reliable service to Council. In June 2022, Council approved a variation to the original contract for the implementation of 590 IGS at four carparks at Camberwell Junction where restrictions are enforced by Council. These sensors were implemented successfully in 2022 and have performed to operational expectations since. The original contract also provided for ongoing maintenance and technical upgrades that have exceeded Council's requirements.

This contract came to an end in August 2023. However, a new contract must be entered into if the existing IGS are to be maintained and replaced at end of their life and the supporting IT systems are to continue. A new contract will also allow for the continued implementation of Council's Parking IGS Program.

4. Outline of key issues/options

1. Lack of viable alternative vendor to Orikan

- A market scan by the organisation has confirmed Orikan (DCA) as the market leader and only provider of a service that fully meets Council's requirements.
- There are four providers of IGS networks and supporting technology operating in Australia - APARC, Smart Parking, Orikan and Duncan Solutions. However, APARC and Smart Parking are currently oriented to the private carpark sector in Australia with only limited penetration into the local government market. They do not offer the full suite of services Boroondara requires.
- Both Orikan and a Duncan Solutions have a comprehensive local government service offering. However, Duncan Solutions has no significant offering not already provided by Orikan and has no proven fully integrated setup that is directly transferrable to Boroondara in a timely way that will not impact business operations.
- Orikan's product offering is superior in meeting the future strategic outlook for Boroondara Parking Services to roll out a digital sensor network, including exploration of digital permits and licence plate recognition technology. This suite of products represents enhanced service capability that will lower operating costs, contract management and licencing costs and improve service delivery to the community.

2. Critical existing contractor relationship

- Orikan's (DCA) suite of technology has enabled Council to have an integrated system for parking management and enforcement which includes existing handheld devices for officers, Infringement software (PinForce) and the PayStay payment option. This suite of products provides multiple efficiencies for Council including streamlined hosting services, technical support and maintenance and cost savings through ongoing upgrades in technology for both hardware and software.

- Reliable integration between Orikan and Council systems were established after significant resource time and investment.
- If another vendor was selected, there would be no integration between that vendor and either the mobile devices used to issue parking infringements or with Council's back-end systems.
- A shift away from Orikan (DCA) to a different vendor would have implications on Boroondara's newly acquired pay-by-phone app, PayStay, which is proprietary.
- Orikan has key intellectual property that is currently unmatched within the industry and provides opportunity for further strategic investment with Council for initiatives relating to digital permits and licence plate recognition capabilities.
- The current suite of technology is proprietary to Orikan who will not permit it to be used with another provider's software. Switching to an alternative vendor would effectively mean starting the parking IGS network almost from the beginning again.
- A change in vendor would require an overhaul of current, long-established systems and integrations built within Council. Council has made an investment of \$609,5000 to date in sensors alone. The expansion of the IGS network with the same technology and supplier is a viable option with no comparable alternative.
- If a new supplier with different technology is selected, their technology would need to be integrated with both the existing IGS network and with Council's systems (most notably P&R) at significant increased cost given the software and integration requirements. However, there is no proven integration methodology for the technology and therefore it is not yet established as feasible.
- A new system would potentially require new hardware/tools including handheld devices and printers. This includes officer retraining and adaption time. New handheld devices and printers were purchased in 2022 for approximately \$90,000.
- Given Boroondara is about to go through a technology Transformation, which includes new Core Systems (CRM and Property & Rating (P&R) system replacements (circa 2025)), re-building any new integrations now for a new vendor (should a contract process award go to another vendor) is not logical. Awaiting Transformation and delivery of Council's new Technology Platform (Oracle) before considering the potential of any other vendor is the most prudent approach to follow.
- Continuing with Orikan (DCA) for the 2023/24 roll-out and beyond is the only current feasible approach from a cost, technology, implementation program and service delivery (reliability) perspective. These services are competitive and consistent with historic pricing.

In light of these considerations, an exemption from Tender was sought from and approved by the Chief Executive Officer (see **Confidential Attachment 1**).

Subject to Council's approval of the contract, Orikan will provide to Boroondara:

- Roll-out of additional IGS:
 - Circa 829 sensors in 2024/25,
 - Circa 750 sensors in 2025/26, and

- Additional sensors in future years in accordance with Parking IGS rollout plan and Council budget decisions;
- annual service and maintenance of existing IGS;
- continued provision of supporting technology platforms and devices; and
- replacement of existing sensors that have reached the end of their life:
 - 429 IGS at Kew Junction in 2024; and
 - 590 IGS at Camberwell Junction in 2027.

The contract term is five years with a two-year extension. The contract is for an initial budgeted spend of \$610,000 fixed costs and a schedule of rates (CPI adjusted) for future years. .

5. Collaborative Procurement Opportunities

Council has a critical existing relation with Orikan that has developed over a substantial period of time and includes system integration and customised functions that are unique to Boroondara. Consequently, there no opportunities for a collaborative procurement approach.

6. Consultation/communication

Internal consultation in the development of this report has occurred with the Transformation and Technology Department, Traffic and Transport Department, Communication and Engagement Department and officers in the Civic Services Department.

A communications strategy will be implemented to inform residents, traders and the broader community on the installation of parking sensor technology in new locations as the program is rolled-out. The timely communication of this messaging will ensure the community is well informed prior to each implementation phase. Recent community engagement for sensor installation in the Camberwell Junction in November 2022 had no adverse response.

7. Financial and resource implications

Resource implications for Council is relatively low as Orikan manages capital works for installing sensors, which is considered minor, and provides all technology hosting services.

Orikan has provided a competitive quote as a schedule of rates to support the proposed contract including fixed costs of \$360 per sensor and \$80 annual maintenance per sensor for the first year. CPI increases will be applied each anniversary thereafter, based on Council approved budgets.

The estimated cost is \$610,000 in the first three years, with future budget foreshadowed and to be approved in line with the annual budgeting process. See table below:

Budget Allocation	2023/24	2024/25	2025/26	2026/27	Total
Capital Expense	\$320,000	\$175,000	\$115,000	TBC	\$610,000

8. Governance issues

The recommendation contained in this report is compatible with the Charter of Human Rights and Responsibilities 2006 as it does not raise any human rights issues.

No officers involved in the preparation of this report have a general or material conflict of interest requiring disclosure under chapter 5 of the Governance Rules of Boroondara City Council.

This tender process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25.

9. Social and environmental issues

Parking accessibility is a key consideration to the vitality of a shopping precinct and amenity of neighbourhoods. The effective management of parking has a positively impact on the vitality of our shopping precincts. Given increased movement and associated demand for parking, especially within shopping precincts, the procurement, installation maintenance and replacement of inground sensors is necessary to ensure vehicle turnover and a balanced access to this limited resource.

10. Evaluation and review

The evaluation report is provided as **Confidential Attachment 2**.

As a result of the evaluation, the evaluation panel recommends that Council award Contract No. 2023/95 Parking In-Ground Sensors, to Orikan.

Manager: Paul Mitchelmore, Manager Civic Services

Report officer: Yvonne Hill, Policy and Projects Specialist