

ITEM 4 REPLACEMENT AND ASSET LIFE EXTENSION OF PARKING METERS

This report outlines the requirement for replacement of Council's parking meters along with the cost of upgrade and a schedule of work associated with the proposal.

RECOMMENDATION

- 1 An exemption to the procurement policy be provided because of the extenuating circumstances regarding the timeframe of the meter upgrade in accordance with Section 55(3)(i) of the Local Government Act 1993.
- 2 Funding, in an amount equivalent to the quotation figure of \$501,451.44, be allocated from the 2016/17 Capital Budget to undertake the parking meter upgrade.
- 3 A purchase order be placed with Duncan Solutions to allow them to order necessary parts for the upgrade of the parking meters.

REPORT AUTHORISATIONS

Report of: Peter Coyte, Manager Property and Recreation
Authorised by: Kerry Hunt, Director Corporate and Community Services - Creative, Engaged and Innovative City (Acting)

ATTACHMENTS

- 1 Duncans Quotation #:CB20161129Q1

COMPLIANCE WITH OFFICE OF LOCAL GOVERNMENT GUIDELINES ON COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS

The recommendation in this report satisfies the requirements of the *OLG Guidelines - Council Decision Making During Merger Proposal Periods*.

BACKGROUND

Duncan Solutions (Duncan) has advised Council that some key components of its parking meters require upgrade to provide an asset life extension to the meters. The midlife upgrade will effectively extend the life of the meters for a further ten (10) years. Additionally, the 2G Network will soon be made redundant and any meters not compatible will need to be upgraded to 3G.

Council's carrier servicing its parking meters is currently Optus and the advice is that this service will be shut down on 1 April 2017. There are a number of impacts to Council if the parking meters are not upgraded to the 3G Network, as follows:

- Meters will no longer be able to transmit data wirelessly; and
- Credit card transactions and connection to the Parking Enterprise Management System (PEMS) will be disabled.

This means that it will not be possible to reconcile the cash or the credit card transactions against Council's collections, using the PEMS data. Notwithstanding that data will be lost whilst shut down, the parking meters will operate to collect cash and issue tickets for a short time whilst not connected, however, they will ultimately cease to operate altogether in time.

Duncan have provided a quotation, attached, which states that the total cost of upgrade will be in the order of \$501,451.44 inclusive of GST. This quotation comprises provision of an upgrade kit to 132 of the meters, 97 of which includes:

- A base kit, ie coin validator, 3G Communications, and contact card reader;
- Solar;
- Printer;
- Contactless Card reader; and
- Freight and installation;

and 35 of which includes:

- A base kit, ie coin validator, 3G Communications, and contact card reader;
- Solar;
- Contactless Card reader; and
- Freight and installation.

An audit of Council's meters revealed that 35 of the existing meters already had upgraded printers installed and did not require new printers.

Council already has 12 meters which have 3G communications which only require:

- Contactless card reader; and
- Freight and installation.

The upgrade is expected to take five to six weeks to deliver at five meters per day. The meters would be replaced in segments so that only one meter would be off line at any one time.

The supplier has also indicated that an audit, which will take one day, will be undertaken of the meters to determine which of those had upgraded printers to date as this will impact the overall price of the upgrade. This audit when completed revealed that 35 meters had upgraded printers and hence a reduction of \$15,000 was provided to the quotation.

The upgrade will reintroduce the use of credit cards on all Council's parking meters and include contactless and contact use, it will utilise solar power to reduce electricity consumption and it will continue the use of the pay by phone app. This upgrade will allow Council's current pay by phone contractor to continue operating however it will also provide Council with other options including the use of other pay by phone technology should Council choose to go down that path.

Duncan have stated that they only carry a small inventory of upgrade components and, therefore, will need to order components which would not be available until March 2017, meaning that with a five to six week labour component, there may be a delay in upgrade resulting in some meters being off line for a period of time.

PROPOSAL

It is proposed that funds be allocated in an amount of \$501,451.44 to undertake the upgrade works and that Council immediately forward a purchase order to Duncan Solutions to undertake the works as outlined in their quotation.

Given the short time frame for the upgrade to occur and the extended lead time to procure the parts along with a limited pool of competitive suppliers and the fact that the quoted amount exceeds the tender threshold of \$150,000 that an exemption be granted from the Procurement Policy pursuant to Section 55(3)(i) of the Local Government Act 1993 to allow direct procurement from Duncan Solutions to supply and install the upgrade kits to the meters as per their quotation.

The effective life of the meters at installation (March 2010) was 10 years. The proposed upgrade essentially replaces all the internals which would extend their useful life by a further 10 years. It is proposed that given this extension of the useful life of the asset the funds for the upgrade should be funded from depreciation.

Effectively this is a midlife upgrade of the meters to provide an asset life extension through the replacement of key components along with a changeover from 2G to 3G communications.

CONSULTATION AND COMMUNICATION

Duncan Solutions – Advised that Optus is the Council carrier for its parking meters and that the proposed shutdown of the 2G Network will be 1 April 2017. In respect to why the upgrade for the meters was only from 2G to 3G and not 4G Duncan advised that 3G would be around for a considerable time to come and that 4G is not yet national and only benefits mobile telephony combined with large data files such as high definition video. The parking data files are relatively small by comparison. In light of this Duncan is not offering 4G at this time.

Legal Services – Advised that exemption is required under Section 55(3)(i) of the Local Government Act 1993 to enter into an agreement without the inviting of tenders. This is due to extenuating circumstances, unavailability of competitive and reliable tenderers. The exemption is required as the value of the works exceeds the threshold of \$150,000.

Finance – Advised that the Restricted Asset (RA) balance has resulted from the transfer of nett result of the parking which means that replacement of this equipment should come from capital as part of our asset management plans and not from the RA. The purpose of the RA is outlined as "To fund future Parking, transport and pedestrian access, bicycle and public transport projects in the city centre".

Infrastructure Strategy & Planning – Advised that the parking meters are listed in Hansen as one asset, containing 132 meters, constructed 1/04/2010, with a replacement cost of \$1.5m. The expected life of this asset is 10 years. The value has been written down to \$488k with a remaining life of 3.2 years. Duncan advised the life of the parking meter asset will be significantly extended with this upgrade; hence the process is appropriate to be sourced from the capital budget (rather than maintenance or operations). Funding is available in the current year's capital budget.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal "We have an Innovative and Sustainable Economy".

It specifically delivers on core business activities as detailed in the Property Services Service Plan 2016-17.

RISK ASSESSMENT

The proposed midlife upgrade will extend the life of the parking meters by a further 10 years, if this is not done the potential failure of key components within the meters would result in loss of revenue and reputational damage to Council.

Any delays to upgrading the parking meters from 2G to 3G means that Council runs the risk of being unable to reconcile its meter transactions. This may lead to probity and auditing issues in the future.

Any extended delay may also lead to complete failure of the individual meters resulting in a loss of revenue overall.

FINANCIAL IMPLICATIONS

The upgrade of the parking meters will mean Council is required to spend an amount of \$501,451.44.

The parking meters are listed in Hansen as one asset, containing 132 meters, constructed 1/04/2010, with a replacement cost of \$1.5m.

The expected life of this asset is 10 years. The value has been written down to \$488k with a remaining life of 3.2 years.

Duncan has advised the life of the parking meter asset will be significantly extended with this upgrade, a further 10 years, hence the process is appropriate to be sourced from the capital budget (rather than maintenance or operations).

Funding can be made available in the current year's capital budget.

CONCLUSION

The upgrade will allow for the reintroduction of credit cards, both contact and contactless, the continued use of a phone app, updated printers and solar power which will reduce long-term electricity costs.

It will allow Council to consider other options in terms of the use of the pay by phone app including the possible use of Duncan's as the future provider of this facility.

The upgrade will ultimately provide an enhanced customer service in terms of the number of options available to them when paying for car parking in the City.

29-Nov-16

Quote #:CB20161129Q1

City of Wollongong

Purchase of Duncan Paid Parking Equipment			
All prices are excluding GST, except where indicated			
Product	# Of Units	Re.UD\$ Per Un	Running Total
Hardware			
Duncan Parking Machines - Upgrade Kit			
Duncan TX Pay & Display Parking Machine - Upgrade Kit	35	\$3,065.00	\$107,275.00
<i>Per Kit Configuration</i>	<i>Per Kit</i>		
- Base Kit (inclusive of Coin Validator, 3G Communications, Contact Card Reader)	1		
- Solar	1		
- Printer	0		
- Contactless Card Reader	1		
- Freight and installation	1		
Services			
Sub Total excluding Ongoing Charges			\$107,275.00
GST			\$10,727.50
Grand Total excluding Ongoing Charges			\$118,002.50

* quotation valid for 30 days

* please refer to spare parts price list for pricing for spare parts and additional supplies

AS PER EXISTING AGREEMENT

29-Nov-16

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City of Wollongong

Purchase of Duncan Paid Parking Equipment

All prices are excluding GST, except where indicated

Product	# Of Units	Re.UD\$ Per Un	Running Total
Hardware			
Duncan Parking Machines - Upgrade Kit			
Duncan TX Pay & Display Parking Machine - Upgrade Kit	97	\$3,529.41	\$342,352.94
Per Kit Configuration	Per Kit		
- Base Kit (inclusive of Coin Validator, 3G Communications, Contact Card Reader)	1		
- Solar	1		
- Printer	1		
- Contactless Card Reader	1		
- Freight and installation	1		
Duncan Universal Contactless Upgrade Kit for TX Rev 3	11	\$567.00	\$6,237.00
- Contactless Card Reader and necessary kit			
- Freight and installation			
Services			
Sub Total excluding Ongoing Charges			\$348,589.94
GST			\$34,858.99
Grand Total excluding Ongoing Charges			\$383,448.94

* quotation valid for 30 days

* please refer to spare parts price list for pricing for spare parts and additional supplies