

Entered by Board Secretary

## Ground Transportation Systems New Zealand Limited Support and Maintenance Renewal for AT HOP

For decision:  For noting:

### Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Approves renewal rights for a two-year extension to the Auckland Integrated Fares System contract with Ground Transportation Systems New Zealand Limited (formerly Thales New Zealand Limited) for AT HOP at an expected cost of up to \$23 million.
- b) Delegates authority to the Chief Executive to sign the final contract variation documentation.

### Te whakarāpopototanga matua / Executive summary

1. Auckland Transport (AT) is committed to the National Ticketing Solution (NTS) which will replace the AT HOP system. Given the status and timeline of the NTS, AT will require the Auckland Integrated Fares System (AIFS) contract with Ground Transportation Systems New Zealand Limited (GTS), for the current AT HOP system, to be extended, to coincide with the NTS timelines.
2. There is no alternate supplier who AT can engage in the intervening period before the NTS programme is complete, for AT HOP support and maintenance.
3. The AIFS operational and software maintenance contract is due to expire on 31 May 2024, at which point the term will have exceeded 14 years. The total contract value over this period (across multiple currencies) is over \$140 million. Given the term and value, board approval is required to extend this contract under AT's delegations manual. The extension proposal is for two years until 31 May 2026 at a maximum expected cost to AT under fixed pricing terms of \$23 million.
4. There is a good understanding of the respective obligations of both AT and GTS under the existing contract. The contract expires in May 2024 with an option to extend for two years.

### Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
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December 2020 Board	Auckland Integrated Fares System Contract Extension for AT HOP	Approval for a three-year extension to the Auckland Integrated Fares System contract with Thales (now GTS) for AT HOP at an expected cost up to \$32,653,000.
13 June 2023 Design and Delivery Committee (committee)	Ground Transportation Systems New Zealand Limited Support and Maintenance Renewal for AT HOP	The committee recommended to the board that it approves renewal rights for a two-year extension to the AIFS.

## Te horopaki me te tīaroaro rautaki / Context and strategic alignment

5. The current contract with GTS for AT HOP support and maintenance expires on 31 May 2024.
6. The NTS implementation for Auckland is expected to be completed by 2026.
7. The AIFS contract provides for a renewal right of up to two years. Given early indications on the expected timeline for the NTS, AT wishes to exercise the remaining two years renewal right. As part of the variation with GTS, AT will seek to secure additional renewal rights beyond 31 May 2026 to give certainty to AT, given that the NTS timeline is an estimate and could slip. If any further extension is secured and is later required due to NTS timelines changing, a further approval by the board would be sought.
8. It is not yet known how long the AT HOP system transition will take both from a technical and a customer perspective, which is why it is important to reserve the right for a further extension if required now, from a commercial and risk mitigation point of view.
9. The AIFS contract (clause 3.2) requires AT to give minimum six months' notice to GTS of its decision to renew (being December 2023) or for GTS to submit an offer in writing to AT (which is accepted), no less than three months prior to the end of the term (being March 2024). Giving notice to GTS in December provides GTS with the longest notice which in turn provides greater certainty to GTS' staff looking ahead.

## Ngā matapakinga me ngā tātaritanga / Discussion and analysis

10. Under the AIFS contract, service level performance is calculated monthly, based on the availability of fixed equipment and point of installation, the reliability of mobile and portable equipment, and delivery of operational services. If a service level is exceeded, then a service level bonus will be payable, up to a maximum service bonus on 5% of the service charges payable in the relevant month. There is a detailed regime in the AIFS contract for calculating service credits and service bonuses, however, historically these have been achievable for GTS so a 5% bonus is consistently paid by AT and has therefore been included in the options below.

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## Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
There is a reputational risk around AT's commitment to the NTS, given the extension to the AT HOP ticketing solution.	AT is committed to the NTS, and its people actively support the design phase of this multiyear project. The NTS is not expected to deliver a new ticketing solution in Auckland until 2026. This contract extension for the AT HOP ticketing solution provides alignment of the two.
Managing AT's incumbent supplier for AT HOP (GTS) where AT is moving to a new provider under the NTS.	Monthly vendor management meetings occur between AT and GTS, including attendance by at least one AT Executive General Manager.  There is a good understanding of the respective obligations of both AT and GTS under the contract.  AT committing early to the GTS contract renewal confirms to all AT's intent and timeline for moving from AT HOP to the NTS.

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

11. The AT HOP system costs are budgeted for in the 2023/2024 fiscal year, in the Auckland Long Term Plan and the Regional Land Transport Plan. Budgets for subsequent years will be agreed as part of the annual budgeting process.

## Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

12. There are no direct environmental or climate change impacts.

## Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

### Mana whenua

13. There are no direct mana whenua impacts related to the contract extension request.

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### Ngā mema pōti / Elected members

14. There are no direct, elected member impacts related to the contract extension request.

### Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

15. There are no direct Council Controlled Organisation impacts related to the contract extension request.

### Ngā kiritaki / Customers

16. There are no direct customer or community impacts related to the contract extension request.




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

17. There are no direct health, safety and wellbeing impacts.

### Ā muri ake nei / Next steps

18. The next steps are for AT to provide notice to GTS of its decision to extend the AIFS contract, and to execute the relevant contract variation documentation.

### Te pou whenua tuhinga / Document ownership

Submitted by	Chris Creighton <b>Group Manager Digital and Technology Delivery</b>	
Submitted by	Andy Richards <b>Group Manager Procurement</b>	
Recommended by	Roger Jones <b>Executive General Manager Business Technology</b>	
Approved for submission	Dean Kimpton <b>Chief Executive</b>	