

Management report to Council

Agenda item 6.4

**Public and Feature Metered Lighting Maintenance Services
contract: No 100231**

Council

Presenter: Jenny Bailey, Manager Engineering Services

27 March 2018

Purpose and background

1. The purpose of this report is to seek Council approval to enter into a contract for public and feature metered lighting maintenance services (on roads and within parks) for a term of three years plus an extension option of up to two years subject to satisfactory performance.
2. The current contract is with High Access Cabling Pty Ltd (HAC) and expires on 30 June 2018.
3. The tender was advertised in 'The Age' newspaper on Saturday 7 October 2017. Five tender submissions were received and all bids were conforming. A summary of the contract service and tender evaluation report is contained in Attachment 1.

Key issues

4. All tenders were assessed in accordance with Council's Contracting and Procurement processes.
5. The primary pricing structure for the contract involves a lump sum for ongoing service elements, with schedule of rates applying to some service elements where an hourly rate or unit rate is more appropriate.
6. After the financial and non-financial scoring, HAC scored the highest total score of 88.5.
7. The year one cost comprising of the lump sum' price and the cost of other one-off year one works for the offer from HAC is calculated to be \$95,145 and \$62,500 respectively exclusive of GST. The year one offer from HAC for the schedule of rates component, which includes preventative maintenance and emergency costs is estimated to be \$340,000 (exclusive of GST). The overall cost is marginally higher than the existing budget allocation for 2017/18 by \$20,000 and this has been included in the draft 2018/19 budget.
8. HAC has provided Council with a competitive price for years one to three and confirmed further benefits as detailed in Attachment1.
9. The tender evaluation panel considers that HAC provide the best value for money offer and recommends them as the preferred tenderer for the following reasons:
 - 9.1. It provides the most competitive financial offer.
 - 9.2. HAC is self-offsetting all carbon emissions under the delivery of this service.
 - 9.3. There is significant lower risk from HAC compared to the next placed tenderer due to depth of performance and account management.
 - 9.4. The inclusion of costs of initial year audit and management plans.
 - 9.5. HAC's knowledge of the city and the operations involved.
 - 9.6. The established relationships with third parties involved in the provision of the service.

Recommendation from management

10. That Council awards the contract for the provision of public and feature metered lighting maintenance to High Access Cabling Pty Ltd (HAC) for a term of three years commencing 1 July 2018 with an option to extend the contract term by up to a further two years for an annual contract sum of \$95,145 exclusive of GST plus schedule of rates items and annual rise and fall in accordance with the negotiated terms and conditions of contract.

Attachment:

1. Supporting Attachment (page 2 of 3)

Supporting Attachment**Legal**

1. Pursuant to section 186 of the *Local Government Act 1989* (Vic), before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.

Finance

2. The year one cost under the new contract for 2018-19 will be \$157,645 comprising of the new lump sum cost of \$95,145 and the other one-off year one works cost of \$62,500, all exclusive of GST. This expense will be funded by the operating budgets of Engineering Services (72 percent) and Parks, Property and Waterways (28 percent) branches with a similar arrangement to the current year.
3. Preventative maintenance, repairs and emergency cost for public and feature lighting on roads, footpaths and public spaces managed by Engineering Services in 2017-18 is around \$200,000 exclusive of GST and has been included in the draft budget for 2018-19.
4. Preventative maintenance, repairs and emergency cost for public and feature lighting in parks managed by Parks, Property and Waterways in 2017-18 is around \$118,000 exclusive of GST and has been included in the draft budget for 2018-19.

Procurement

5. The tender accords with the Centre Led Procurement Policy and Procedures

Tender evaluation summary

6. The membership of the tender evaluation panel included representatives from Procurement, Engineering, Contracts and Finance.
7. Tender Evaluation Process:
 - 7.1. **Initial Scoring:** Following the conclusion of the initial financial and non-financial scoring, it was agreed by the Tender Evaluation Panel (TEP) that Tenderer A, B, C and HAC be shortlisted. 'Tenderer D' was removed from further considerations due to an uncompetitive price.

Initial scoring for Shortlisting			
Company	Financial score Lump Sum & SOR*	Non-financial score	Total score
High Access Cabling Pty Ltd.	38.11	28.50	66.61
Tenderer A	35.14	29.10	64.24
Tenderer B	60.00	24.40	84.40
Tenderer C	23.87	22.90	46.77
Tenderer D	2.33	18.30	20.63

* SOR - Schedule of rates

Table 2: Summary of Initial Scoring before Interviews and Clarifications

7.2. **Final Scoring:**

The four shortlisted tenderers were sent requests for further clarifications. After review of the responses 'Tenderer A' and 'Tenderer C' were eliminated from the process. HAC and Tenderer B were shortlisted to attend an interview to present their commercial and non-commercial clarifications.

At the end of the process, Tenderer B chose not to revise their commercial offer.

HAC offered an updated commercial offer with the following decreases from their initial proposal

- 27% decrease on the contract lump sum
- 45% decrease in initial conditions audit
- 85% decrease in management plans.

Final Scoring			
Company	Financial score Lump Sum & SOR	Non-financial score	Total score
High Access Cabling Pty Ltd.	60.00	28.50	88.50
Tenderer B	56.95	24.40	81.35

Table 3: Summary of Final Scoring after Tender Interviews

Final Pricing	
Company	Updated Lump Sum Price
High Access Cabling Pty Ltd	\$ 95,145.00
Tenderer B	\$105,043.00

Table 4: Final Lump Sum pricing after Tender Interviews

Conflict of interest

8. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

9. The tender was advertised in the Age newspaper on 7 October 2017.
10. A briefing session for prospective tenderers was held on 24 October 2017 and representatives from seven organisations attended.

Corporate social responsibility

11. Under City of Melbourne zero net emissions by 2020 strategy, this tender requested suppliers to self-carbon offset all the emissions under the service delivery of this contract. The recommended tenderer has confirmed that their offer includes this requirement.