

**ITEM 10. TENDER – MAJOR PROPERTIES EFFICIENCY PROJECT  
SUSTAINABILITY AUDITS**

**FILE NO: X004814.006**

**TENDER NO: 1663**

**SUMMARY**

The City has achieved its environmental energy and water targets for 2016 and now has in place interim environmental energy and water targets for 2016-2021. In order to achieve these new targets, it is proposed that a review of the City's key assets be undertaken by way of an audit and implementation program.

This report provides details of the tenders received to undertake sustainability audits (specifically energy and water audits) at 13 of City of Sydney properties as part of the Major Properties Efficiency Project. The tender was divided into two packages (one for aquatic centres and the other for remaining buildings) and tenderers were requested to submit a price breakdown by site for each package.

To facilitate the identification and implementation of actions to achieve the City's Sustainable Sydney 2030 targets, the City committed to developing site specific energy and water efficiency improvement plans for the sites which use the most electricity, gas and water. The Major Properties Efficiency Project sustainability audits will provide a holistic and strategic approach to prioritising and executing sustainability capital projects for the next four years in order to achieve maximum environmental benefits and utility cost reductions.

The audits will involve document review, data analysis, thorough site inspections, installation of temporary data logging and meter monitoring and draft and final reports. The reports will provide an analysis of energy and water performance, identification of improvement opportunities, detailed business cases for implementation and marginal abatement curves (\$/tonne of CO<sub>2</sub>e).

This report recommends that Council accepts the tender offer of:

- Tenderer 'A' for the Major Properties Efficiency Project Sustainability Audits: Package 1; and
- Tenderer 'B' for the Major Properties Efficiency Project Sustainability Audits: Package 2;

**RECOMMENDATION**

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for the Major Properties Efficiency Project Sustainability Audits: Package 1 and accept the tender offer of Tenderer 'B' for the Major Properties Efficiency Project Sustainability Audits: Package 2; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender.

**ATTACHMENTS**

**Attachment A:** Tender Evaluation Summary (Confidential)

**Attachment B:** Tender Schedule of Prices for Tenderer 'A' and Tenderer 'B'  
(Confidential)

**(As Attachments A and B are confidential, they will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)**

**BACKGROUND**

1. The City is on target to achieve its environmental energy and water targets for 2016 and has now set the interim environmental targets for 2016-2021. This report represents the first steps in achieving the adopted targets by reviewing our key assets through this audit and implementation program.
2. The Major Properties Efficiency Project is a key component to delivering the City's Sustainable Sydney 2030 targets for the City property portfolio by ensuring cost effective and timely implementation of a range of initiatives such as capital works, changes to maintenance and management practices, behaviour change of occupants and users and improved measurement and monitoring.
3. The scope of the Major Properties Efficiency Project is across 14 of the City's properties. These 14 properties account for more than 80 per cent of electricity, 95 per cent of gas and 70 per cent of water usage of the property portfolio. Of these sites, 13 have been included in Tender 1663. The sustainability audit for the remaining site (Cook and Phillip Park Aquatic Centre) has already been completed as part of the revitalisation project for that site.
4. To determine the most cost-effective initiatives and best practice efficiency improvements at each property, it was decided that detailed energy and water audits (in accordance with AS/NZS 3598.1:2014) be carried out at these nominated sites. Following these audits, individual asset-based efficiency plans will be developed which will contain detailed business cases and marginal abatement curves for each site. Based on these cost benefit analyses, and together with key stakeholders, a program for implementation of initiatives over the next four years will be established.
5. The deliverables for this tender (at each site) include document review, data analysis, thorough site inspections, installation of temporary data logging and meter monitoring, and draft and final reports. The reports will provide an analysis of energy and water performance, identification of improvement opportunities, detailed business cases for implementation and marginal abatement curves (\$/tonne of CO<sub>2</sub>e).
6. The selected tenderer's deliverables and project outcomes will have a significant impact on the delivery success of energy and water efficiency projects within the City's property portfolio for the next four years. As such, it is important that the audits are carried out to a high standard of quality and that the recommendations from this work are sound and comprehensive, in order to meet the City's Sustainable Sydney 2030 and interim 2021 targets.
7. The following City of Sydney Environmental Master Plans and Strategies are key drivers for this work:
  - (a) Draft Environmental Strategy and Action Plan 2016-2021: June 2016
  - (b) Energy Efficiency Master Plan – improving energy productivity: 2015-2030;
  - (c) Decentralised Energy Master Plan – Renewable Energy: 2012-2030;
  - (d) Decentralised Energy Master Plan – Trigeneration: 2010-2030;
  - (e) Decentralised Water Master Plan: 2012-2030; and

- (f) Sustainable Sydney 2030.
8. Past sustainability (energy and water) audits and initiatives which will inform this work include:
- (a) Energy and Water Performance Contract (EWPC) – Energy and Water Efficiency Retrofit (2011-2014); and
- (b) Energy and Water Savings Action Plan (legislative requirement of the NSW Government, 2006-2008).
9. The Tender was divided into two packages (one for aquatic centres and the other for remaining buildings) and each tenderer could bid for one or both of these packages. In order to better assess the tender, tenderers were requested to provide a breakdown by site for each package, including proposed monitoring and logging costs.

### **INVITATION TO TENDER**

10. Tenders were advertised in The Sydney Morning Herald, The Daily Telegraph, Melbourne Age, Brisbane Courier Mail and Council's E-Tender website on 4 October 2016, with submissions closing on 25 October 2016.

### **TENDER SUBMISSIONS**

11. A total of 20 submissions were received from the following organisations (listed alphabetically):
- BCW Group Pty Ltd ATF BCW Unit Trust T/As BCW Carbon & Energy
  - BMT WBM Pty Ltd
  - Cundall Johnston & Partners Pty Ltd
  - Cushman & Wakefield
  - EP&T Pty Ltd
  - Huxham Energy Consulting
  - KMH Environmental Pty Ltd
  - Napier & Blakely
  - Nicmar Group Pty Ltd
  - Northmore Gordon Pty Ltd
  - Reid Butler trading as TriFactor
  - KPMG SGA Property Consultancy Pty Ltd
  - SMEC Australia Pty Ltd
  - S W Engineering Consultancy Pty Ltd

- Total Energy Solutions Pty Ltd
  - AE Smith Service Pty Ltd
  - WaterGroup Pty Ltd
  - WSP Buildings Pty Ltd
  - Umow Lai NSW Pty Ltd
  - ZOIC Environmental Pty Ltd
12. No late submissions were received.

### **TENDER EVALUATION**

13. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
14. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
15. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) demonstrated technical ability and experience in delivering similar projects within comparable facilities;
  - (b) demonstrated managerial capability, experience and technical ability of the proposed project team to carry out the work;
  - (c) methodology for undertaking the proposed work;
  - (d) detailed project program with key milestones;
  - (e) the lump sum price and schedule of prices;
  - (f) Work, Health and Safety (WHS); and
  - (g) financial and commercial trading integrity including insurances.

### **PERFORMANCE MEASUREMENT**

16. The City will ensure that performance standards are monitored throughout the contract by:
- (a) monitoring key performance indicators to measure the performance of the successful tenderer during the project. Performance results will be used to determine the suitability of consultants for future works;
  - (b) reviewing and monitoring the consultant's program and assessing milestone progress claims;
  - (c) reviewing work method statements, draft reports, presentations and other deliverables;

- (d) attending regular meetings with consultant's team and requesting regular updates; and
- (e) ensuring the audits are delivered in accordance with the contract documents and AS/NZS 3598.1:2014.

**FINANCIAL IMPLICATIONS**

17. There are sufficient funds allocated for this service within the current year's capital budget and future years' forward estimates.

**RELEVANT LEGISLATION**

18. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
19. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.
20. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

**CRITICAL DATES / TIME FRAMES**

21. The following details the program to be followed for the project:
- |                                                   |                   |
|---------------------------------------------------|-------------------|
| (a) Contract execution                            | January 2017      |
| (b) Site inspections completed (13 sites)         | February 2017     |
| (c) Draft report submitted                        | March 2017        |
| (d) Final reports submitted and project completed | End of March 2017 |

**AMIT CHANAN**

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