

ITEM 11. TENDER - SUSTAINABILITY MANAGEMENT AND REPORTING TOOL

FILE NO: X004808

TENDER NO: 1669

SUMMARY

The City has achieved its environmental energy and water targets for 2016 and has now set the interim environmental targets for 2016-2021.

This report provides details of the tenders received for the procurement of a new utilities management information system to record and report the Council's utility consumption for its buildings, parks, civic-spaces and street lighting. This system is an essential tool for tracking progress and reporting environmental performance of Council's operations toward Sustainable Sydney 2030 targets.

The City currently uses the STEvE (System Tracking Everything Environmental) platform, a bespoke system to monitor, manage and report on utilities (electricity, gas, water) and greenhouse gas emissions within its owned and/or managed assets.

The current contract for STEvE expires on 31 December 2016. Over the last nine months, in preparation for this expiry, the City has re-defined and fully scoped its organisational operational requirements for a replacement system and, in July 2016, commenced a tendering process to procure a Software as a Service solution under the project name of Sustainability Management and Reporting Tool.

The procurement process began with an Expression of Interest being released to the market in July 2016, which was followed by a select tender process in October 2016. Key internal stakeholders were consulted during each stage of the procurement process. The select tender process is now complete and the evaluation panel has selected the preferred tenderer.

This report recommends that Council accepts the tender offer of Tenderer 'A' for the sustainability management and reporting tool.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for the sustainability management and reporting tool, as outlined in confidential Tender Evaluation Summary, Attachment A to the subject report, for a period of five years, with the option for an extension of a further two years;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The City has achieved its environmental energy and water targets for 2016 and has now set the interim environmental targets for 2016-2021.
2. The City requires a platform to monitor, manage and report on utilities (electricity, gas and water) and greenhouse gas emissions within its owned and/or managed assets - including buildings, parks, civic-spaces and street lighting. The total utilities expenditure (including street lighting) for the City in 2015/16 was \$11M.
3. Currently, the City primarily uses and manages the STEvE system, an externally hosted platform.
4. The City procured the STEvE system in 2009 through a Request for Tender process. A three year contract was awarded to Loquinar Pty Limited (then trading as East River Software), commencing 1 January 2010 until 31 December 2012.
5. On 7 November 2011, Council approved an initial variation to extend the term of the contract with Loquinar to December 2013, accommodate increased scope and the number of utilities accounts and meters. Council approved further variations for extending the term of the contract and expansion in scope of services on 21 October 2013, 14 December 2015 and 21 November 2016. The current contract expires on 31 December 2017.
6. The procured STEvE system provides the following functionality:
 - (a) tracks the City's progress against its targets;
 - (b) provides information at an organisational, divisional, business unit, building or sub-building level to create an awareness of where and how much energy and water is consumed;
 - (c) emails utility consumption reports to over 85 staff and contractors, which has led to reductions in energy and mains water consumption;
 - (d) allows the City to capture (and resolve) multiple operational environmental issues (water leaks, lights left on etc.);
 - (e) tracks the implementation, cost and the effectiveness of the projects and initiatives undertaken;
 - (f) calculates greenhouse gas emissions; and
 - (g) provides greenhouse gas, energy and water data for the City's environmental reports.
7. While the STEvE system is hosted and supported externally, it is more a bespoke platform that requires considerable time and internal resources for constant administration and customisation.
8. A comprehensive review of the City's operational requirements was completed in February 2016 in consultation with main internal stakeholders, key business requirements and use cases were scoped and confirmed.

9. Accordingly, the City commenced a tendering process to procure a Software as a Service solution, under the project Sustainability Management and Reporting Tool. An expression of interest for the sustainability management and reporting tool was released to the market in July 2016, followed by a select tender process in October 2016.

INVITATION TO TENDER

10. The Expression of Interest for this select tender was open for three weeks from Tuesday 26 July 2016 to Friday 19 August 2016, and was advertised in the following locations:
- (a) The Daily Telegraph on 26 July 2016;
 - (b) The Sydney Morning Herald on 26 July 2016; and
 - (c) Council's E-Tender website on 26 July 2016.

TENDER SUBMISSIONS

11. At the end of the expression of interest period, a total of 15 submissions were received. Following the assessment of expression of interest submissions by the evaluation panel in August 2016, a shortlist of six service providers were invited to present their solution to key internal stakeholders.
12. Based on the presentations by the six shortlisted service providers, the following four service providers were invited to participate in a select tender (listed alphabetically).
- Envizi Australia Pty Ltd
 - Greensense Pty Ltd
 - Kinesis Pty Ltd
 - M & C Energy Pty Ltd t/a Schneider Electric
13. The select tender ran for a period of three weeks from Monday 10 October 2016 to Tuesday 1 November 2016.
14. At the closure of the select tender, four submissions were received.
15. No late submissions were received.

TENDER EVALUATION

16. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
17. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
18. All submissions were assessed in accordance with the approved evaluation criteria being:

- (a) proposed Software as a Service solution, including ability to meet highly desirable and desirable business requirements and ability to provide Optional Packages (1, 2 or 3) set out within the expression of interest within the core offering and pricing;
- (b) proposed implementation methodology, including assessment of client needs;
- (c) demonstrated experience and capacity;
- (d) proposed project schedule;
- (e) ability to meet Cloud Due Diligence requirements;
- (f) ability to meet core business requirements and use cases;
- (g) commitment to Work Health and Safety and Environmental Management; and
- (h) financial and commercial trading integrity, including insurances

PERFORMANCE MEASUREMENT

19. The City will ensure that performance standards are monitored throughout the contract by:
- (a) monitoring key performance indicators to track and measure the performance of the successful tenderer during the project;
 - (b) reviewing and monitoring the service provider's program and assessing milestone progress;
 - (c) reviewing progress reports, presentations and other deliverables; and
 - (d) ensuring the Software as a Service solution is delivered in accordance with the contract documents through diligent and robust project management.

FINANCIAL IMPLICATIONS

20. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.

RELEVANT LEGISLATION

21. 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.
22. Attachment A contains 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.
23. 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

24. The following details the program to be followed for the project:

- | | |
|--|-----------------|
| (a) Sustainability Management and Reporting Tool
Contract award | December 2016 |
| (b) Project commencement & transition plan development | January 2017 |
| (c) System configuration and data migration | April 2017 |
| (d) Simultaneous operation with STEvE | May - July 2017 |
| (e) Configuration completion | End August 2017 |

OPTIONS

25. The City has three options with regard to its Utilities Management Information System:

- (a) Do nothing.
 - (i) This option would require the City to continue using the existing bespoke system, which requires constant internal administration, management and support and which does not satisfy all current requirements.
 - (ii) The City will need to request from Council approval for a further exemption from tender and an extension to the term of the existing contract.
 - (iii) The City would not receive the benefit of having a more advanced utilities management system that exists in the market, which might lead to poor utility management and not achieving incremental 2021 and 2030 targets and NABERS rating targets.
- (b) Build a bespoke in-house information system platform.
 - (i) This would be a very costly option and would require additional resources for development and management compared to an 'off-the-shelf' Software as a Service platform.
- (c) Proceed with procuring the Software as a Service system as recommended.
 - (i) This provides all the benefits of a pre-configured and market-tested solution, with ongoing configuration and development support built-in, in the most cost and resource efficient way.

AMIT CHANAN

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