

Contract Variation - Major Properties Efficiency Improvements (MPEP) - Energy Efficient Lighting Upgrades

File No: X026529.010

Summary

This report seeks a variation to the existing contract for the delivery of the Energy Efficient Lighting Upgrades across the City's property portfolio through the Major Properties Efficiency Project (MPEP).

The Major Properties Efficiency Project is a key program for delivering energy and water efficiency within the City's property portfolio.

The program targets 14 of the City's highest energy and water consuming sites and contributes to the City's Environmental Action Plan 2016-2021 and the Sustainable Sydney 2030 by delivering cost-effective options for reductions in emissions generation across the City's property portfolio.

The lighting upgrades have been identified as a key deliverable under the Major Properties Efficiency Project to achieve the City's emissions reduction targets. The lighting upgrades will achieve energy reductions, as well as provide fit-for-purpose and standardised fittings, designed for long term maintenance efficiency and reliability.

The Energy Efficient Lighting Upgrades across the City's property portfolio through the Major Properties Efficiency Project was tendered in April 2019 as a design and construct contract.

In accordance with the 7 August 2017 delegation from Council, the Chief Executive Officer approved the tender and restricted the service to undertaking the design for all venues, and installation across a limited number of sites up to the value of the approved budget. This approach was to allow the City to evaluate the performance of the supplier and the installation before proceeding with installation of lighting upgrades at the remainder of the sites.

The City entered into a contract with Kerfoot Pty Ltd in September 2019 for the design of the LED lighting upgrades within fourteen City-owned buildings.

These lighting upgrades are intended to contribute a large portion of energy reduction and emissions savings to the City's 2021 and 2030 environmental targets. Additionally, this initiative reduces operating costs by reducing the need to procure renewable electricity and reduces lifecycle operational costs. The upgrades also support the City's targets on NABERS and its Net Zero Emissions vision.

Stage 1 contract works have been completed satisfactorily, comprising installation of LED lighting, including stimulus works, at five MPEP sites (Ian Thorpe Aquatic Centre, Victoria Park Pool, Ultimo Community Centre, Wilcox Mofflin Building, Redfern Community Centre) with two partially completed sites (Cook & Phillip Park Pool (except Pool Hall) and Town Hall House (carpark levels only).

This report seeks Council approval to endorse the award of the tender to Kerfoot Pty Limited and vary the existing contract to utilise the contract Schedule of Rates to undertake installation of lighting at the remainder of the sites, in alignment with annual budget allocation to the program, to a value exceeding that which can be approved by the Chief Executive Officer under delegation from Council, detailed at Confidential Attachment A.

Recommendation

It is resolved that:

- (A) Council note that Stage 1 energy efficient lighting upgrades, including stimulus works, at five Major Properties Efficiency Project sites have been completed satisfactorily by Kerfoot Pty Ltd;
- (B) Council endorse the award of the tender for Energy Efficient Lighting Upgrades to Kerfoot Pty Limited;
- (C) Council approve a variation to the contract with Kerfoot Pty Ltd to deliver the remaining energy efficient lighting upgrades to achieve the environmental targets under the Schedule of Rates contract up to the approved budget for each year, as detailed at Confidential Attachment A to the subject report; and
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer/vary the contracts relating to Major Properties Efficiency Project - Energy Efficient Lighting Upgrades.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Major Properties Efficiency Project (MPEP) is a key program for delivering energy and water efficiency within the City's property portfolio.
2. The program targets 14 of the City's highest energy and water consuming sites and contributes to the City's Environmental Action Plan 2016-2021 and the Sustainable Sydney 2030 by delivering cost-effective options for reductions in emissions generation across the City's property portfolio.
3. The lighting upgrades have been identified as a key deliverable under the Major Properties Efficiency Project to achieve the City's emissions reduction targets. The lighting upgrades will achieve energy reductions, as well as provide fit-for-purpose and standardised fittings, designed for long term maintenance efficiency and reliability.
4. The 14 high energy consuming sites included under the scope of works for this project include:
 - (a) Cook & Phillip Park Pool;
 - (b) Ian Thorpe Aquatic Centre;
 - (c) Andrew (Boy) Charlton Pool;
 - (d) Prince Alfred Park Pool;
 - (e) Victoria Parl Pool;
 - (f) Town Hall House;
 - (g) Sydney Town Hall;
 - (h) Customs House;
 - (i) 343 George Street;
 - (j) Wilcox Moffin Building;
 - (k) Kings Cross Neighbourhood Services Centre and Library;
 - (l) Ultimo Community Centre;
 - (m) Redfern Community Centre; and
 - (n) Sydney Park Nursery Depot.
5. The energy efficient lighting upgrades was tendered in April 2019 as a design and construct contract.
6. In accordance with the 7 August 2017 delegation from Council, the Chief Executive Officer endorsed the tender and restricted the service to undertaking the design for all venues and installation across a number of sites up to the value of the approved budget. This approach was to allow the City to evaluate the performance of the supplier and the installation, before proceeding with the remainder of the installations.

7. In September 2019, the City entered into a contract with Kerfoot Pty Ltd on a lump sum contract price for the design of the 14 sites, and a Schedule of Rates for the supply and installation of the lighting equipment across seven sites inclusive of the stimulus works brought forward to support the industry at the commencement of the Covid-19 pandemic (Stage 1).
8. The contractor has now successfully completed the following:
 - (a) detailed lighting designs with lighting models for the 14 MPEP sites;
 - (b) development of customised lighting prototypes for complex spaces such as Sydney Town Hall, Customs House and Town Hall House including lighting trials, testing and certification of designed fittings; and
 - (c) Stage 1 installation of LED lighting including stimulus works at five MPEP sites (Ian Thorpe Aquatic Centre, Victoria Park Pool, Ultimo Community Centre, Wilcox Mofflin Building, Redfern Community Centre) with two partially completed sites (Cook & Phillip Park Pool (except Pool Hall) and Town Hall House (carpark levels only).
9. This report seeks to vary the existing contract to deliver the residual scope of works required to achieve the corporate environmental targets using the schedule of rates contract, as detailed in Confidential Attachment A.

Key Implications

10. The current contract allows for compliant lighting consistent with the City's approach to meeting our Sustainable Sydney 2021 and 2030 goals in our property spaces. Additionally, given the products designed under the contract have a lifespan of more than 50,000 operating hours (approximately seven to 10 years), energy and maintenance savings will extend beyond 2021.
11. Operational energy efficiency (through these lighting upgrades) will play an important role in realising the City's target of 70 per cent emission reduction by 2030, as well as its Net Zero Emissions goals.
12. With the new Power Purchase Agreement (PPA) for renewable energy, this critical energy efficiency initiative will also reduce the amount of operational electricity required for our buildings, hence reducing the City's utility expenditure in the coming years.

Financial Implications

13. There are sufficient funds in the 2020/21 budget and future years forward estimates to deliver the remainder of this program in alignment with annual budget allocations.

Relevant Legislation

14. The tender was conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
15. Although the tender was initially endorsed by the Chief Executive Officer in accordance with the delegation from Council dated 7 August 2017, Council is required to endorse the tender award because of the amount of the contract variation.
16. Local Government Act 1993 - Section 10A provides that a council may disclose to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.
17. Attachment A contains confidential commercial information of the supplier 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.
18. 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

19. This report is seeking variation of the contract services to undertake LED lighting installation to progress towards achieving the June 2021 targets with works completed in accordance with the budgets as allocated to the program.

Options

20. Retender the contract for the remaining energy efficient lighting upgrade works. This option is not recommended as it is considered that the City would not achieve a better value for money offer from the market that was achieved through the initial tender in 2019. Retendering would also not enable achievement of the June 2021 targets.

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