

**Item 7.****Tender - T-2023-1107 - Public Lighting and Electrical Maintenance**

**File No:** X099620.012

**Tender No:** T-2023-1107

**Summary**

This report provides details of the tenders received for the Public Lighting and Electrical Maintenance contract.

This tender is for the provision of LED luminaire installation and associated electrical maintenance services for the City's public domain lighting, including road, footway, park, plaza and laneway luminaires. The City previously tendered for the installation and warranty maintenance of LED luminaires in 2011 and these assets are now reaching the end of their operational life.

The City plans to replace the existing luminaires and associated control equipment with modern, efficient and smart LED equipment, while not compromising the level of lighting currently achieved. The City also plans to install smart lighting controls to operate these luminaires, with a supporting Central Management System and Communications Network.

An LED luminaire replacement and maintenance service, coupled with the installation of a smart control system, will enable the City to substantially reduce the energy required to operate public domain lighting and improve the City's management and control arrangements of these luminaires.

The Public Lighting and Electrical Maintenance contract was tendered in early 2024. The tender includes the installation of the City's 14 types of LED luminaire products, the installation of a smart control lighting system and the associated maintenance of these assets. The required services are to be provided by one service provider.

This report recommends that Council accept the tender of Tenderer B for the Public Lighting and Electrical Maintenance contract.

## **Recommendation**

It is resolved that:

- (A) Council accept the tender of Tenderer B for the provision of Public Lighting and Electrical Maintenance for the schedule of rates outlined in Confidential Attachment B to the subject report for a period of three years, with two optional extensions of two years and one year, if appropriate;
- (B) Council note that the total contract sum and contingency for the provision of Public Lighting and Electrical Maintenance contract is outlined in Confidential Attachment A to the subject report;
- (C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender; and
- (D) authority be delegated to the Chief Executive Officer to exercise the options referred to in (A) above, if appropriate.

## **Attachments**

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

**Attachment B.** Schedule of Rates (Confidential)

## Background

1. The City of Sydney operates approximately 8,000 luminaires for the provision of public domain lighting in roads, footways, parks, plazas and laneways. This is additional to approximately 10,500 luminaires operated by Ausgrid which also service the local government area.
2. In 2011, the City tendered the Energy Efficient LED Lighting Retrofit contract. This service included the supply, installation and maintenance of over 6,000 LED luminaires on City owned street light poles. The luminaires supplied under the contract have a service life of 11.4 years (50,000 operating hours).
3. The existing LED luminaires were installed progressively over several years and many have now reached their full service life and are out of warranty. LED Luminaires operating beyond their service life are prone to failing and the level of light emitted fades to a level below design requirements as time progresses.
4. Whilst the existing LED luminaires remain within the warranty term, the existing service provider is responsible for addressing the maintenance needs for any failed luminaires they have installed.
5. The City has for many years successfully managed the resourcing of electrical and lighting maintenance through a mix of City electrical specialist staff complemented by service providers. The City's electrical specialist staff are resourced and capable of servicing proactive and reactive maintenance of a large portfolio of City owned electrical assets including switchboards, cabling, conduits and power outlets. As the resourcing of LED Luminaire installation and maintenance activities require intense resourcing at intermittent times it is not suited for City electrical specialist staff to service.
6. It is vital that the City commence a renewal of LED luminaires that have reached the end of their service life. This is necessary to minimise the City's exposure to escalating maintenance costs for one-off luminaire replacements, to ensure luminaires emit light levels that meet design requirements and to capitalise on the benefits of the next generation of LED luminaires.
7. The latest LED luminaires available for public lighting can perform with up to 30 per cent less energy than the City's current LED luminaire portfolio. They are also capable of operating for a longer service life. This has been made possible through both advances in LED luminaire design, and with the use of a smart control system.
8. A public lighting smart control system allows the lighting operator to optimise the energy needed to power an LED luminaire. It also provides the ability to remotely monitor for any luminaire outages and promptly address any inoperable luminaires.
9. LED luminaire suppliers in the marketplace generally do not specialise in installation and maintenance services. It is common practice for public domain lighting operators to have service arrangements dedicated for the supply of luminaires and separate service arrangements for the installation and maintenance activities. By splitting these activities, the City can leverage the greatest quality, cost and time efficiencies available from service providers who specialise in LED luminaire supply, or otherwise in the installation and maintenance of LED luminaires.

10. The Public Lighting and Electrical Maintenance contract will ensure the City has an ongoing high quality public domain lighting service that is adequately resourced for the intermittent installation and maintenance of LED Luminaires.
11. The contract for the Public Lighting and Electrical Maintenance includes the installation of the City's 14 types of LED luminaire products, the installation of a smart control lighting system and the associated maintenance of electrical and lighting assets.
12. All services within the contract are based on tendered Schedule of Rates pricing.
13. The Public Lighting and Electrical Maintenance contract will ensure the City has the capability to:
  - (a) renew LED luminaires as they reach the end of their service life;
  - (b) install LED luminaires, smart controls and other electrical assets for new projects;
  - (c) undertake specialist electrical maintenance works and provide additional depth of capability to maintain electrical assets. This includes associated inspections, assessments, reporting and servicing activities; and
  - (d) monitor the smart control system for identification of faults or defects and carry out associated maintenance in accordance with established service levels.
14. The benefits of the Public Lighting and Electrical Maintenance contract include:
  - (a) high-quality public domain lighting for pedestrians, cyclists and road users;
  - (b) value for money through competitively awarded services;
  - (c) a substantial reduction in energy consumption, achieved by installing highly efficient LED luminaires and the ongoing operation of the smart control system;
  - (d) improved reliability of the lighting service, as the smart control system will initiate prompt maintenance works for any outage;
  - (e) improved capacity to service emergency or out of hours issues; and
  - (f) enhanced capacity to inspect, assess and inform electrical renewal and maintenance programs.

### **Invitation to Tender**

15. Request for Tenders were advertised through Tenderlink on 19 March 2024 for six weeks. An extension of time was requested by Tenderers due to the complexity of the services tendered and was subsequently approved. Tenders closed on 10 May 2024.

16. Six submissions were received from the following organisations:
  - Bedrule Pty Ltd trading as TOBCO (ABN - 37158027260)
  - DT Infrastructure Pty Ltd (ABN - 39665782730)
  - Harnleigh Pty Ltd (ABN - 96056633393)
  - Radi Pty Ltd (ABN - 30161536143)
  - Scott Electrical Services Pty Ltd (ABN - 12107763477)
  - Sydney Civil Pty Ltd (ABN - 90078474665)
17. One late submission was received.

### **Tender Evaluation**

18. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
19. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
20. All submissions were assessed in accordance with the approved evaluation criteria being:
  - (a) Experience of work of a similar nature and size - The tenderer is able to demonstrate relevant experience in undertaking projects of a similar scope in terms of technical aspects, project costs and managing variations whilst undertaking project coordination. Tenderer is able to demonstrate a sound track record in completing projects in respect to quality finish, final cost compared to agreed contract price, minimising public impact, contract disputes and minimising Council's exposure to risks associated with project.
  - (b) Scope Compliance - Including but not limited to compliance with specification, warranties and innovation.
  - (c) Capacity to Deliver - The tenderer is able to demonstrate the capacity to deliver services and appropriate management systems have been developed and implemented. Tenderer is to provide details of all current and future commitments, start date, duration of project, expected end date, as well as resource management plan and current availabilities.
  - (d) Environment and Sustainability - The tenderer is able to demonstrate capability to provide environmental and sustainable outcomes during the contract period with consideration given to innovation, modern slavery and compliance with requirements for warranty conditions.
  - (e) Work, Health and Safety.
  - (f) Financial and commercial trading integrity - Including insurances and assessment of Schedule of Rates based on the six-year contract term anticipated volumes and price.

21. It is recommended that Council accept the tender offer of Tenderer B for the Public Lighting and Electrical Maintenance contract for the price and contingency outlined in Confidential Attachment A

### **Performance Measurement**

The City will ensure that all performance standards are achieved during the contract term through the regular assessment of the Key Performance Indicators, including:

- (a) Work Health and Safety performance;
- (b) administration and document management;
- (c) quality and data management;
- (d) operational performance;
- (e) worksite and traffic management;
- (f) environmental performance;
- (g) communication with the City;
- (h) authority management (service utilities);
- (i) community engagement;
- (j) program management; and
- (k) Aboriginal and Torres Strait Islander engagement.

### **Financial Implications**

22. The total contract sum and contingency for the Public Lighting and Electrical Maintenance contract is detailed in the Tender Evaluation Summary in Attachment A. The Schedule of Rates for the recommended tenderer is detailed in Attachment B.
23. The Schedule of Rates offered are considered competitive.
24. There are sufficient funds allocated for these works within the relevant capital and maintenance budgets and future years' forward estimates.
25. The quantity of work awarded each year is subject to approved capital works programs and maintenance activities required to achieve desired service levels for the City. The City does not guarantee any minimum quantity of works in any year.

### Relevant Legislation

26. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City's Procurement and Contract Management Policy.
27. Local Government Act 1993 - Section 10A provides that a council may close 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.
28. 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.
29. 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

30. As existing LED luminaires are now operating beyond the warranty and service life, these assets are starting to require replacement. To cater for the variance in age of existing LED luminaires, there is an immediate need to commence replacing LED luminaires, and for this provision to continue on an ongoing basis.
31. Before LED Luminaire installation works may commence, the appointed service provider must complete all transition in activities, program forthcoming works and obtain all necessary approvals required to access the work site. These activities may take up to four months to complete. The LED luminaires are anticipated to be available to install by January 2025. To commence installation by January 2025 the Public Lighting and Electrical Maintenance contract will need to commence no later than 1 October 2024.
32. The initial contract term for the Public Lighting and Electrical Maintenance contract is three years. There is provision for two optional extensions to the contract term of two years and one year, subject to performance and further consideration as to whether the contract remains best for the City's needs.

## Options

33. The Preferred Option (as tendered) allows for the City to have lighting and electrical assets installed and maintained by a "best in class" specialist service provider. A key risk associated with this approach is the need for the City to separately manage the supply of LED Luminaires and smart controls needed to enable works by the appointed service provider. This risk has been mitigated by the provision of necessary City resources, contract terms for relationship management requirements, and warranty conditions with recourse that apply where there is premature asset failure. This option ensures existing City electrical specialist staff continue to maintain assets.
34. An alternative option would be for the City to engage one service provider for all LED luminaires and smart controls supplied, installed and maintained. This was the past arrangement for the previous service contract awarded in 2012. This option is not recommended as it diminishes the City's choice to select the best-in-class installation and maintenance service provider. Most LED luminaire and smart control suppliers operate globally, whilst installation and maintenance contractors operate locally. To require these companies to partner together would impose additional risks on each company resulting in higher costs as well as a poorer market response and ongoing service.
35. Another alternative option would be for the City to engage a service provider for public lighting as a service. Under this arrangement assets would be supplied, installed and maintained under a subscription based service per asset. This model transitions asset ownership to the service provider for a long term and the City is no longer obligated to procure assets. This approach is not recommended as the City has less control over asset design and energy efficiency outcomes over the long term. This option diminishes performance otherwise achieved through the routine competitive tender of services and results in high annual costs as the service provider carries more finance and risk related costs. This would reduce reliance on existing City electrical specialist staff to maintain assets.
36. A further alternative option would be for the City to increase specialist electrical staff to complete the installation and maintenance activities. This is not recommended as the installation and maintenance work requires high numbers of staff for intermittent occasions. There is also highly specialised activities and works at unusual times of the week, that are also only needed on an intermittent basis, which are equally best delivered by service providers on a needs basis.
37. The City has considered possible arrangements for the services to be delivered by a company owned by Aboriginal and Torres Strait Islanders. This was not pursued as the City was unable to identify a service provider with the capacity and capability to meet the specialist service needs. The City has ensured the appointed service provider meets high performance standards for Aboriginal and Torres Strait Islander employment and engagement.



**Public Consultation**

- 38. There was no public consultation prior to this tender being advertised.
- 39. The Public Lighting and Electrical Maintenance contract incorporates the requirement for the appointed service provider to support the City's public consultation activities, including:
  - (a) preparation of concepts, visualisations and designs;
  - (b) distribution of notification letters to nearby residents and businesses about forthcoming electrical works;
  - (c) provision of site management, signage and traffic management plans; and
  - (d) preparation of Communications Management Plans that are scaled to suit the type and complexity of electrical works.

**VERONICA LEE**

Director City Services

Peter Shields, Chief Engineer