

Streetlight Renewal & Maintenance Contract (CON20071)

Meeting: Kaipara District Council
Date of meeting: 16 December 2020
Reporting officer: Greg Monteith

Purpose/Ngā whāinga

To seek approval of the Procurement Plan for CON20071- Streetlight Renewals and Maintenance works for Kaipara District Council.

Executive summary/Whakarāpopototanga

The Kaipara District Council has not had a proper Streetlight Renewals & Maintenance contract in place for a number of years. At present Northpower has been carrying out reactive streetlight maintenance for KDC without any clear levels of service. The drawback of such an arrangement has resulted in long pending faults that presents a road safety and personal security issue for all road users as well as being a source of general frustration and dissatisfaction for customers and staff. As the current regime is only reactive the actual condition of the asset is not known, this may present further potential safety issues relating to the streetlight structure and electrical systems for KDC.

With the near expiry of the streetlight renewals and maintenance contracts for Whangarei and Far North District in June 2021, the Northland transportation Alliance (NTA) engaged Resolve Group Ltd to formulate a procurement strategy for the wider Northland region. The Procurement Plan tabled via this paper is aligned to the NTA Procurement Strategy that derives; potential economies of scale benefits for ratepayers, strike a balance in the levels of service across the Councils whilst maintaining long term relationships with suppliers.

As per the Procurement Plan, the Whangarei District Council will be the principal of CON20071 Streetlight Renewals & Maintenance contract with Kaipara District Council having a separable portion in the same. The two Council's will enter into a funding agreement for the KDC's separable portion.

The proposed Procurement Plan is a two staged open tender advertised on the Tenderlink:

- 1)Registration of Interest (ROI) – inform wider market of Councils intended contract model.
- 2)Request for Tender (RFT) – based on 40% non-price and 60% on price attribute.

A Registration of Interest (ROI) has been released on 18th November 2020 to inform the wider market of the Councils intent and give the potential bidders an opportunity to explore any joint venture arrangements for this contract model.

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the Procurement Plan for CON20071 - Streetlight Renewals & Maintenance works.
- b) Authorises the Chief Executive to award the contract and enter into a funding agreement with Whangarei District Council for the KDC's separable portion of the contract upto a maximum of \$1,000,000.00.excluding GST (one million dollars).

Context/Horopaki

The formulation of the Procurement Strategy through the engagement of Resolve Group Ltd had been endorsed by the three District Councils. The final NTA Procurement Strategy was also approved by the District Councils. The CON20071 Streetlight Renewals & Maintenance Procurement Plan has been developed inline with the approved procurement strategy.

The qualitative analysis of the contract arrangement against the assessment criteria did reveal that the two-contract option was the most suited. It was imperative that potential bidders were not excluded as a result of the contract arrangement and structure since the supplier market is constraint and there is a significant disparity in the contractual rates for streetlight maintenance work in Northland. In determination of the contract arrangement, the line's companies, Northpower & Top Energy were considered as potential bidders for this work.

Summarised below are the key attributes of the NTA Procurement Plan for Streetlight Renewals & Maintenance in the Northland:

- A. Contract arrangement – the procurement of two-contracts for streetlight renewal and maintenance across the Northland region.
- B. Contract Structure – Contract 1 - Whangarei DC with Kaipara DC as a separable portion and Contract 2 - Far North DC. Furthermore, it is proposed to award two contracts to two different tenderers. The client not the tenderer will choose which contract they get.
- C. Contract term – the two-contracts have an initial term of two years with two contract extension of two years and one year respectively (2 + 2 + 1) based on performance, entirely at the discretion of the client.
- D. Supplier selection method – a price quality process is recommended as it balances the quality & cost aspect of the contract key outcomes. A 60% price and a 40% non-price attribute weighting is proposed.

Discussion/Ngā kōrerorero

The Procurement Plan proposes the WDC and KDC separable portion as the feasible contract model as over 90% of the streetlights in KDC are within an hour's drive from WDC City center and the electricity network in both regions are owned and operated by Northpower. This simply means that any contractor working in both the districts will need to be accredited with only one line's company and Northpower also has the opportunity to bid for this work.

Furthermore this option not only gives us the economies of scale but also enables us to set the desired levels of service pertaining to normal & emergency response times for streetlight outages.

Options

Option 1: Approve the Procurement Plan as it is imperative that the KDC has a proper Streetlight Renewal & Maintenance contract that ensures its distributed streetlight assets in the district are maintained and upgraded to an appropriate standard and an expected level of service is provided to the stakeholders. **This is the recommended option.**

Option 2: Status quo – The absence of a proper streetlight maintenance contract and the reactive nature of the present streetlight maintenance arrangement with Northpower has resulted in long pending faults, presented road safety and personal security issue for all road users. It has also been a source of general frustration and dissatisfaction for customers and staff. Another key issue in maintaining status quo is from an asset management perspective, there has been no asset condition monitoring and management for a number of years and this poses a serious risk to the Council as the condition of these assets are not fully unknown.

Policy and planning implications

The recommended Procurement Plan is aligned to the NZTA Procurement Manual and Councils Procurement Policy.

Financial implications

The value of the KDC's separable portion in the Streetlight Renewal & Maintenance contract over the five year (2 + 2 + 1) life of this contract is estimated to be around one million dollars (\$1M) excluding GST. The estimated value has been derived from the present average cost of maintaining streetlights in WDC and FNDC.

Tabulated below is the breakdown of the same.

Contract Year	Financial Year	Estimated Contract Value
1	2020/2021	\$200,000.00
2	2021/2022	\$200,000.00
3	2022/2023	\$200,000.00
4	2023/2024	\$200,000.00
5	2024/2025	\$200,000.00

The budget to pay for this maintenance contract sits in NZTA's road maintenance and renewals funding. The streetlight maintenance funding has been proposed in the AMP submission to NZTA that is currently going through the approval process.

From a KDC perspective it is part of the LTP submission and subject to council not approving the new LTP it will then need to be from existing funding if this service is to be procured.

Risks and mitigations

The key risks associated with this procurement are:

1. Not reaching agreement on a contract model, specification and scope of works that meets the needs of the two districts.
2. Not sufficiently defining the outcomes sought from the contract for tenderers and the performance measures expected.
3. Constraint supplier market.

To mitigate against these risk, at the procurement strategy stage a thorough evaluation of the contract model had been carried out by the Resolve Group Ltd. The same is being proposed via the Procurement Plan. An ROI has been put out to the market to ensure the wider market has been informed of the upcoming works.

The outcome sought from the contractor, performance measures, specification and scope of works will be clearly defined in the RFT document that will be independently reviewed prior to being released to the market.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Next steps/E whaiake nei

- Preparation of Request for Tender (RFT)
- Independent review of RFT
- Advertise RFT on Tenderlink (Open Tendering)
- Tender Evaluation led by independent & qualified Tender Evaluator
- Table Tender Evaluation report to CE
- Award Contract

Attachments/Ngā tapiritanga

	Title
A	Northland Transportation Alliance – Procurement Plan for CON20071 Streetlight Renewals & Maintenance works.