

**6.3 TENDER NO IE105/2020 DESIGN, SUPPLY AND INSTALL SOLAR PHOTOVOLTAIC SYSTEMS AT CITY OF VINCENT SITES**

- Attachments:**
1. **Evaluation Worksheet - RFT IE105-2020 - Solar Panel RFT - Confidential**
  2. **Comparison table and relevant information - Confidential**

**RECOMMENDATION:**

**That Council ACCEPTS the tender submitted by DNX Energy Pty Ltd for Tender No. IE105/2020 for the Design, Supply & Installation of Solar Photovoltaic Systems at various City of Vincent sites.**

**PURPOSE OF REPORT:**

To consider the awarding of Tender No. IE105/2020 – Design, Supply and Install Solar Photovoltaic Systems at various City of Vincent facilities.

The contract between the successful Tenderer and the City will reserve the right for the City not to proceed with any individual installation if either budget approval is not obtained for the installation costs, or due to failure to reach agreement with the lessee in respect to the recouping of solar costs.

**BACKGROUND:**

The City developed an Energy Management Plan in 2012 for the highest energy use sites owned and managed by the City. The Plan included recommendations for large-scale solar photovoltaic (PV) installations at the Library and Local History Centre, Beatty Park Leisure Centre, Administration and Civic Centre and the Works Depot. These four installations were completed between 2019 and 2020 under phase 1 of the City's Solar Program.

The primary objective of the solar program is to improve the environmental performance of the City's buildings and facilities via onsite generation of renewable energy (in line with the City's Sustainable Environment Strategy 2019-2024).

A secondary objective of the program is to generate direct energy cost savings at City-operated sites, which can be reinvested in future projects.

For leased facilities at which energy savings from solar are realised by the tenant, Administration proposes to recoup the cost of solar installations through the lease mechanism in the first instance. Administration proposes to negotiate lease amendments where longer leases are already in place and to include the repayment of solar costs in new lease negotiations taking place in 2021/22 and 2022/23. For this reason, lease renewal date was one of the factors considered in prioritising the order of installations presented Council at its meeting on 23 March 2021. Where the leaseholder prefers to take responsibility for procurement and installation, a self-supporting loan mechanism may be offered as an alternative. Administration is currently developing a procedure to govern community funding requests via a self-supporting loan mechanism.

The phase 2 solar feasibility study completed in 2019/20 involved a first-pass screening of the City's remaining 114 sites at which solar PV is not yet installed, some City-operated, others tenanted. This produced a shortlist of twelve (12) sites based on solar orientation (energy generation potential), annual electricity consumption and time of electricity use.

Only two City operated sites made it on the shortlist. The remainder did not meet the basic criteria for financial viability. Battery storage systems were considered as a means of improving these sites' viability but were ultimately discarded as an option due to lengthy payback periods ranging from 14 to 23 years. With expected battery life being around 10 years, the addition of a battery would be counterproductive in terms of cost savings.

The shortlist of sites and solar feasibility study was presented to Council as part of the 2020/21 Budget process. As an outcome of the 2020/21 budget process, budget was approved for the installation of solar PV at the four sites listed for 2020/21. These sites were Mt Hawthorn Community Centre, North Perth Town Hall, Britannia Reserve Pavilion and Vincent Community Centre.

At its meeting on 23 March 2021 Council was requested to appoint a tenderer for 11 proposed solar PV system installations. Council deferred its decision to appoint a tenderer and requested additional information including but not limited to system and facility sizes, financial modelling information (for sites where the City is not the direct beneficiary), heritage requirements and warranty information. These items are covered within this report and attachment 2.

At the Budget workshop on 30 March, 2021 Council and Administration discussed the option of deferring installation of all solar PV sites proposed for 2021/22 to 2022/23. As a result of this potential deferral and uncertainty about budget approval pending funding mechanisms acceptable to Council, six sites were removed from the tender scope. These will be subject to a future Council decision and a separate procurement process.

Administration has also chosen to defer the installation at North Perth Town Hall, which was listed on the 2020/21 Budget. This is due to the need for roofing upgrades that may not be completed in time to accommodate the addition of solar in 2021/22. Solar at North Perth Town Hall is also subject to heritage approval that will need to be resolved before installation can take place.

Installation of solar PV in 2022/23 at the Department of Local Government, Sport and Cultural Industries building located at 246 Vincent Street, Leederville is a condition of the current lease, which commenced in 2020. For this reason, this site has been retained within the current tender scope and a lease amendment will not be negotiated to recoup PV system costs.

The tables below show the twelve shortlisted sites, along with additional details including lease renewal dates, cost of PV systems, size of PV system, who benefits from electricity cost savings and planned installation year. Please note the first four sites listed are the only sites covered in this current tender round:

Site	Estimated electricity cost saving (\$/year)	Who saves \$	System Size	Dates for lease renewal	Estimate Simple Payback period (years)	Cost (\$)	Planned year to install
<b>Mt Hawthorn Community Centre</b>	1,300	City of Vincent	6.6kW	N/A	5.2	6,800	2021/22
<b>Britannia Reserve Pavilion (Leederville Cricket Club and Floreat Athena Juniors Football Club)*</b>	1,360	Leederville Cricket Club/Floreat Athena Juniors Football Club (95%) City of Vincent (5%)	6.6kW	March 2022	5.0	6,800	2021/22
<b>Vincent Community Centre (Bethanie)**</b>	2,750	Bethanie	13kW	August 2025	5.7	15,500	2021/22
<b>DLGSC Building</b>	46,055	DLGSC	100kW	December 2029	2.4	112,000	2022/23

\* Leederville Cricket Club and Floreat Athena Juniors share the lease for Britannia Reserve Pavilion, for six months of the year each. A new lease will be negotiated in 2021/22 in accordance with the City's Property Management Framework, which will result in each club being responsible for 95 per cent of the electricity cost during its six-month season. As part of those lease negotiations, Administration proposes to include a solar repayment amount proportionate to the benefit received by each club from the installation of solar PV. Repayments will be for the duration of the lease unless cost recovery can be achieved earlier. It is intended that the contribution made by each club will be less than the savings resulting from solar, making this a cash-flow positive arrangement for the leaseholders. For this reason Administration anticipates that the Clubs will be agreeable to the proposal.

\*\*The Vincent Community Centre (Bethanie) is the only site proposed for installation of solar PV in 2021/22 financial year where the City does not receive any direct benefit from electricity savings. The current lease extends to 2025, but includes options for extension to 2035. Administration has commenced discussion with the leaseholder regarding a lease amendment recoup the City's solar costs for the site. The payment amount and the duration of payments will depend on the outcome of this tender approval as the price and projected savings vary between tenderers. As for the sporting clubs described above, the arrangement is intended to be cash-flow positive for Bethanie, with negotiations being predicated on this outcome.

If an acceptable agreement cannot be reached for either Britannia Reserve Pavilion or the Vincent Community Centre, the City can choose not to proceed with any specific site/s under the terms of the Tender.

The following sites are not part of the revised tender scope but are all shortlisted as suitable sites for the future. Council's outstanding questions relating to these sites, including mechanisms for recouping of solar costs, will be addressed in a further Council report following negotiation with leaseholders. These sites will be subject to a separate procurement process.

Site	Estimated electricity cost saving (\$/year)	Who saves \$	System Size	Dates for lease renewal	Estimate Simple Payback period (years)	Cost (\$)	Planned year to install
North Perth Town Hall	1,230	City of Vincent	6.6kW	N/A	5.5	6,800	TBC
Loftus Recreation Centre (Belgravia Leisure)	22,427	Belgravia Leisure	66kW	December 2021	3.5	78,000	TBC
ASeTTS Centre	3,420	ASeTTS	13kW	February 2023	4.7	16,000	TBC
Robertson Park (Including Tennis Centre)	4,588	Tennis West (60%) City of Vincent (40%)	20kW	September 2021	5	23,000	TBC
YMCA Building	5,166	YMCA	20kW	December 2024	4.5	23,000	TBC
Leederville Childcare Centre	2,800	Leederville Childcare Centre	13kW	June 2024	5.5	15,500	TBC
Forrest Park Croquet Club	1,300	Forrest Park Croquet Club	6.6kW	November 2021	5.2	6,800	TBC
Dorrien Gardens (Perth Soccer Club)***	8,775	Perth Soccer Club	20kW	December 2027	2.6	23,000	TBC

\*\*\*Perth Soccer Club requested to procure and install its own PV system using a self-supporting loan to be provided by the City. The funds for the installation were approved by Council at its 17 November 2020 Meeting, as part of the mid-year Budget Review. These loan funds are subject to the finalisation of a self-supporting loan procedure and to Perth Soccer Club meeting all the requirements outlined within that procedure.

**DETAILS:**Tender Advertising

The approved budget for the project in the 2020/2021 financial year is \$110,000. As the proposed total budget for the three-year program of \$481,000 exceeds \$250,000, *Policy No. 1.2.3 – Purchasing* requires an open public Tender process.

Under CEO Delegation 1.19, the Director Infrastructure and Environment approved the Procurement Plan, which included the following Evaluation Criteria:

Qualitative Criteria	Weighting
<p><b>1. Relevant Experience of the contractor</b></p> <p>a. Provide details of similar projects undertaken including scope of the Tenderer's involvement and confirming successful completion of the project; and</p> <p>b. Provide details of issues, if any that arose during the projects and how those issues were managed or resolved.</p>	<b>25%</b>
<p><b>2. Key Personnel Skills and Experience</b></p> <p>Tenderers to provide as a minimum information of the proposed personnel to be allocated to this project such as:</p> <p>a. Their role in the performance of the Contract;</p> <p>b. Resumes of key staff (including Subcontractors) inclusive of memberships of any professional or business associations, qualifications etc.</p>	<b>25%</b>
<p><b>3. Demonstrated understanding of the Project &amp; Project Methodology</b></p> <p>a) A project delivery plan including key stages and timelines;</p> <p>b) Proposed methodology for this project to be completed on time and within budget.</p> <p>c) Evidence of successful results.</p> <p>d) Understanding of the required service by identifying the key issues and risk associated with delivering the project.</p>	<b>50%</b>

The Request for Tender IE105/2020 was publicly advertised on 28 November 2020 and invited submissions until 22 December 2020.

At the close of the advertising period, 8 Tender responses were received from the following companies:

- DNX Energy Pty Ltd;
- Perdaman Advanced Energy Pty Ltd;
- Eco-White Pty Ltd;
- Future Bus (non-compliant);
- Fos Electrical Pty Ltd;
- Quality Engineering and Construction Pty Ltd;
- Solargain PV Pty Ltd (conforming); and
- Solargain PV Pty Ltd (alternative).

Tender Assessment

The Tenders were assessed by members of the Tender Evaluation Panel (below) and each Tender was assessed using the above Evaluation Criteria, with a scoring system being used as part of the assessment process.

Title	Role
Manager Engineering	Voting
Co-ordinator City Buildings	Voting
Sustainability & Innovation Advisor	Voting
Eco Advance Consultants	Technical Advice (non-voting)

### Evaluation

A summary table for each compliant Tenderer is provided below. A full outline of the Qualitative Evaluation Criteria for each tenderer and pricing is contained within **Confidential Attachment 1**.

Company	Qualitative Score/100	Ranking
DNX Energy Pty Ltd	85	1
Eco-White Pty Ltd	71.25	2
Fos Electrical Pty Ltd	70	3
Solargain PV Pty Ltd (alternative)	67.5	4
Perdaman Advanced Energy Pty Ltd	67.5	4
Solargain PV Pty Ltd (conforming)	65	5
Quality Engineering and Construction Pty Ltd	20	6

Based on the evaluation panel discussion, the submission from DNX Energy Pty Ltd was the highest ranked submission against the Qualitative Evaluation Criteria.

Once the Tenders were ranked on the Qualitative Evaluation Criteria, the evaluation panel made a value judgement as to the cost affordability, qualitative ranking and risk of each Tender, in order to determine which Tender presented the best value for money to the City.

### **CONSULTATION/ADVERTISING:**

The Request for Tender IE105/2020 was advertised in the West Australian on 28 November 2020 and on both the City's website and Tenderlink portal between 28 November and 22 December 2020.

### **LEGAL/POLICY:**

- Section 3.57 of the *Local Government Act 1995*;
- Part 4 of the *Local Government (Functions and General) Regulations 1996*; and
- City of Vincent Policy No. 1.2.3 – Purchasing.

### **RISK MANAGEMENT IMPLICATIONS**

Low: It is low risk for Council to award a tender to carry out the specified works.

### **STRATEGIC IMPLICATIONS:**

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

#### Enhanced Environment

*We have minimised our impact on the environment.*

#### Innovative and Accountable

*Our resources and assets are planned and managed in an efficient and sustainable manner.*

The City's *Corporate Business Plan 2018/19 – 2021/22* states:

“1.3 *Solar Photovoltaic Panel System Installation: Installation of large-scale solar photovoltaic panels at various sites.*”

**SUSTAINABILITY IMPLICATIONS:**

This is in keeping with the following key sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*.

*Sustainable Energy Use/Greenhouse Gas Emission Reduction*

**FINANCIAL/BUDGET IMPLICATIONS:**

The costs associated with this contract for the first year of the program would be met from the City's 2020/21 Annual Budget, which has \$37,782 listed to complete the first year of the contract and will be carried forward to the 2021/22 financial year. The price of the recommended contractor was within the allocated capital budget for 2021/22 and well within the overall project budget.

The budget for the PV installation at the DLGSC leased building (246 Vincent Street) will be listed for consideration in the 2022/23 budget.

**COMMENTS:**

The submission from DNX Energy Pty Ltd complies with all the Tender requirements, including demonstrated understanding of the project and project methodology, as well as demonstrating relevant experience, expertise and a qualified project team. The response included a well thought out project plan that included reasonable timeframes. The products chosen for the installations are fit for purpose.

Reference checks were conducted for DNX Energy Pty Ltd in relation to recent solar photovoltaic panel system installations and no issues were raised.

The Evaluation Panel recommends that DNX Energy Pty Ltd be accepted for Tender No. IE105/2020 as they presented the best overall value for money to the City.