



# Hastings District Council

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## OPEN AGENDA

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### TENDERS SUBCOMMITTEE MEETING

Meeting Date: **Thursday, 13 April 2017**

Time: **9.00am**

Venue: **Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

|                             |   |
|-----------------------------|---|
| <b>Subcommittee Members</b> | Chair: Councillor Kerr<br>Mayor Yule<br>Councillors Lyons, Nixon, Redstone and Watkins (Deputy Chair)<br>Chief Executive, Mr R McLeod, and Group Manager: Asset Management, Mr C Thew |
| <b>Officer Responsible</b>  | Executive Advisor/Manager: Office of the Chief Executive (Mr M Maguire)<br>(Quorum = 4)   |
| <b>Committee Secretary</b>  | Carolyn Hunt (Extn 5634)  |

## Tenders Subcommittee – Terms of Reference

A Subcommittee of the Works and Services Committee

### **Fields of Activity**

The Tenders Subcommittee is responsible for assisting council in its general overview of procurement and tender activity by accepting tenders which exceed the Chief Executive's delegated authority to approve, for projects previously approved by Council or a Standing Committee within the delegated authority.

### **Membership**

Chairman appointed by the Council  
4 members appointed by the Council  
Chief Executive  
Group Manager: Asset Management

For the avoidance of doubt the references in this delegation to the 'Chief Executive' and 'Group Manager: Asset Management' extends to include any persons from time to time appointed in writing to those roles in an acting capacity.

**Quorum** – Any four members.

### **Delegated Powers**

Authority to accept tenders for individual projects previously approved by the Council or a Standing Committee of the Council up to a value of \$8,000,000

Responsibility to provide oversight and direction on tendering processes in general and/or specific issues relating to a particular project

The Committee reports to the Works and Services Committee

**HASTINGS DISTRICT COUNCIL**  
**TENDERS SUBCOMMITTEE MEETING**

**THURSDAY, 13 APRIL 2017**

**VENUE:** Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings

**TIME:** 9.00am

**A G E N D A**

**1. Apologies**

An apology from Mr McLeod has been received.

At the close of the agenda no requests for leave of absence had been received.

**2. Conflict of Interest**

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or Executive Advisor/Manager: Office of the Chief Executive (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

**3. Confirmation of Minutes**

Minutes of the Tenders Subcommittee Meeting held Thursday 30 March 2017.  
*(Previously circulated)*

*It is proposed that the Public Excluded Item 8 will be addressed prior to Item 4 in the Open Session (for reasons of continuity).*

- |           |   |           |
|-----------|---|-----------|
| <b>4.</b> | <b>Direct Engagement of Techlight for the Supply of Telematics Light Control Units (LCU123)</b> | <b>5</b>  |
| <b>5.</b> | <b>Additional Business Items</b>  |           |
| <b>6.</b> | <b>Extraordinary Business Items</b>   |           |
| <b>7.</b> | <b>Recommendation to Exclude the Public from Item 8</b>   | <b>11</b> |
| <b>8.</b> | <b>Procurement of LED Lights</b>  |           |

**REPORT TO: TENDERS SUBCOMMITTEE**

**MEETING DATE: THURSDAY 13 APRIL 2017**

**FROM: TRANSPORTATION ASSET MANAGER  
MARIUS VAN NIEKERK**

**SUBJECT: DIRECT ENGAGEMENT OF TECHLIGHT FOR THE  
SUPPLY OF TELEMATICS LIGHT CONTROL UNITS  
(LCU123)**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to gain the subcommittee's approval to procure 1,576 Light Control Units (LCU) by direct engagement.
- 1.2 The LCU's form part of the six year streetlight to LED conversion programme approved by Council. In the first year of the conversion programme the LCU's were included in the request for tender for LED lights and as a result attracted a handling charge from tenderers. The reason for the direct engagement is to avoid the handling charges.
- 1.3 Quotations were received from the sole licensed supplier.
- 1.4 This report concludes by recommending that LCU's are procured by direct engagement of Techlight Ltd, the sole licensed supplier of the product for the supply of 1576 LCU's for the amount of \$247,432.

## **2.0 BACKGROUND**

- 2.1 Hastings District Council is currently in the second year of a six year streetlight to Light Emitting Diodes (LED) conversion programme approved by Council. As part of the conversion programme each LED requires a light control unit (LCU) that enables the lights to be controlled and monitored from a central management system.
- 2.2 The use of a central management system (CMS) is essential to maximise the use of new technology LED lights. A CMS individually monitors each streetlight in terms of performance and power consumption. Streetlights may also be individually controlled in terms of on and off times and varying dimming profiles applied to maximise power savings and provide appropriate levels of light for the time of day. The system can also be used as a billing reference which may change HDC billing from a bulk charge to individually metered billing.
- 2.3 The LCU's is the component that is installed on each streetlight and allows the CMS to communicate with the streetlight using a radio link through a data communications unit. The system has a web based software front end which enables the management of the lights.
- 2.4 Streetlights with control systems offer features with tremendous potential to save energy, mitigate waste, reduce light pollution and increase public safety. These features are likely to be in use for 20 years and would represent a

significant lost opportunity if not adopted. This system is successfully installed at Auckland Transport with over 44,000 lights programmed to be replaced with LED lights equipped with telematics LCU's in the next five years.

### 3.0 OPTIONS

#### 3.1 Option 1 – Procure by direct engagement 1576 Telematics LCU.

| <b>Option 1</b>    |               |              |                     |
|--------------------|---------------|--------------|---------------------|
| <b>Description</b> | <b>Number</b> | <b>Price</b> | <b>Cost</b>         |
| LCU Telematics*    | 1576          | \$157.00     | \$247,432.00        |
| Existing gateway   | 1             | -            | -                   |
| <b>Total cost</b>  |               |              | <b>\$247,432.00</b> |

3.2 The \$157.00 (exclusive of GST) price is based on a quotation received from Telematics NZ for direct engagement. For comparison, the rate for the supply of the Telematics LCU last year was \$197. This included handling charges added by the LED supplier. (The LCU supply was included in the RFT for LED luminaire supply). Auckland Transport also use the Telematics LCU and the price for supply of 14000 units is \$140.00 per unit by direct engagement. These rates include airfreight to reduce the delivery timeframes from 5–6 months to 3-4 months.

3.3 Council already owns a Telematics gateway which will be used to communicate with the LCU's.

#### 3.4 Option 2 – Procure by separate request for tender a gateway and 1576 LCU.

| <b>Option 2</b>  |               |              |                     |
|--|---------------|--------------|---------------------|
| <b>Description</b>   | <b>Number</b> | <b>Price</b> | <b>Cost</b>         |
| Procurement of LCU   | 1576          | \$150.00     | \$236,400.00        |
| Procurement of gateway including installation and configuration (Leaflet 1000 unit capacity) | 2             | \$10,000.00  | \$20,000.00         |
| <b>Total cost</b>  |               |              | <b>\$256,400.00</b> |

3.5 The LCU price is an estimate received from Opus and is indicative. The units currently available in the market varies significantly in terms of specification (Radio based vs cellular 4G/3G vs Mesh networks) which may affect the price significantly. Phillips confirmed that their CityTouch (proprietary) connector which is the equivalent of a Telematics LCU, utilising a 3g mobile connection costs \$190 per light.

### 3.6 Option 3 – Procure 1576 shortening caps to enable LED lights to function and wait for technology to mature.

| <b>Option 3</b>                     |               |              |                     |
|-------------------------------------|---------------|--------------|---------------------|
| <b>Description</b>                  | <b>Number</b> | <b>Price</b> | <b>Cost</b>         |
| Shortening cap                      | 1576          | \$10.00      | \$15,760.00         |
| Procurement and installation of LCU | 1576          | \$250.00     | \$394,000.00        |
| Procurement of gateway              | 1             | \$45,000.00  | \$45,000.00         |
| <b>Total cost</b>                   |               |              | <b>\$454,760.00</b> |

3.7 This option was proposed to buy some time and wait for the LCU and gateway technology to mature in approximately 2 to 3 years. It is deemed that by then, the technology will be “plug and play” with any supplier’s equipment being able to work seamlessly with any other supplier’s equipment. With the subsidy rate change to 85%, announced recently by NZTA, it is deemed that this option is no longer viable.

## 4.0 ASSESSMENT OF OPTIONS

4.1 When comparing the cost of the options it is clear that Option 3 has the highest cost due to the cost of installation and shortening cap. The installation of the shortening cap and then reinstallation of a LCU at a later stage is money wasted when compared with options 1 and 2. Pursuing option 3 will also mean that council cannot take full advantage of the subsidy change recently announced by NZTA. Option 3 is therefore not considered a viable option.

4.2 Option 1 is the most cost efficient based on the price estimates and is delivering the best value for money as it is making use of the existing Telematics gateway. Option 2 requires the procurement of two additional gateways (assuming the cheapest option for additional gateway with 1000 unit capacity each) or, should a larger capacity gateway be considered, the cost would increase by an additional \$ 25,000. There is also the added complexity it adds to the communications infrastructure setup which may have long term cost implication in terms of maintenance and operations. Option 2 has an element of the unknown as the price of LCU units could not be confirmed. It may also take an additional 6 weeks to procure and this may cause unwanted delays.

4.3 Option 1 does not require any additional spending apart from the quoted price received and all the components purchased will be used for the twenty years lifespan. Option 1 is the preferred option as it represents the best value for money, makes use of the existing Telematics gateway, has low risk and realises significant benefits of getting the LED’s installed in a short timeframe.

## 5.0 PREFERRED OPTION AND REASONS

5.1 The preferred option is option 1 - Procure by direct engagement 1576 Telematics LCU123. The reasons for preferring this option are:

- 5.2 It is the most cost effective as it makes use of the existing Telematics Gateway
- 5.3 It has the lowest cost of the options considered.
- 5.4 It does not lock Council in to a specific vendor.
- 5.5 This option avoids handling charges that may be added to the cost if the supply of the LCU's is included within the request for tender for LED lights.
- 5.6 This option has low risk as these units are currently in use on the streetlight network and is also in use by Auckland Transport for the LED conversion programme.

## 6.0 ENGAGEMENT PROCESS

- 1.1 In accordance with Section 5.3 'Supplier Selection Methods' of the Hastings District Council Procurement Strategy, it is requested that approval be given to now directly engage Techlight Ltd, being the nominated contractor to supply Telematics Light Control Units (LCU123)
- 4.2 Under Section 5.3, directly procuring from a single supplier may be approved when:
- The goods or services require specialised skills or are very complex and there is a limited number of qualified suppliers.
  - The required goods and services are available from only one source.
  - Standardisation or computability with existing equipment or services is necessary, and can be achieved through only one supplier.
  - History of previous involvement and experience, reputation and track record.

## 7.0 FEES AND FUNDING

- 7.1 The unit cost for each LCU is \$157.00 excluding GST.
- 7.2 This funds allocated to this project is shown below.

| Budget Area          | Estimated Tender Price(LED) | Supply of LCU | Ancillary Costs | Total Project Cost | Funds Allocated | Variance |
|----------------------|-----------------------------|---------------|-----------------|--------------------|-----------------|----------|
| Streetlight renewals | \$370,360                   | \$247,432     | \$197,000       | \$814,792          | \$815,000       | \$208    |

Ancillary costs includes installation and contingencies.



## **8.0 RECOMMENDATIONS AND REASONS**

- A) That the report of the Transportation Asset Manager titled “Direct Engagement of Techlight for the Supply of Telematics Light Control Units (LCU123)” dated 13/04/2017 be received.**
- B) The procurement by direct engagement from Techlight Limited of 1576 Telematics LCU123 for the amount of \$247,432 be approved.**

**With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure.**

**Attachments:**

There are no attachments for this report.



**HASTINGS DISTRICT COUNCIL**  
**TENDERS SUBCOMMITTEE MEETING**  
**THURSDAY, 13 APRIL 2017**

**RECOMMENDATION TO EXCLUDE THE PUBLIC**

**SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987**

THAT the public now be excluded from the following part of the meeting, namely:

**8 Procurement of LED Lights**

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this Resolution is as follows:

| <i><b>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</b></i> | <i><b>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</b></i>   | <i><b>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</b></i>   |
|---|---|--|
| <p><b>8 Procurement of LED Lights</b></p>                     | <p><b>Section 7 (2) (h)</b><br/>           The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.<br/>           To protect interests of the persons who have provided the information..</p> | <p><b>Section 48(1)(a)(i)</b><br/>           Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.</p> |