

4.3 TENDER FOR BUS SHELTER MAINTENANCE, SUPPLY AND INSTALLATION¹ (CF2021038)

Responsible Director: Deb Cailes

RECOMMENDATION*

That Council:

- 1. Awards the tender from JCDecaux Australia Pty Ltd for Bus Shelter Maintenance, Supply and Installation, Contract No. 2021038 for an estimated initial annual minimum guaranteed revenue of \$293,599 and an estimated total minimum guaranteed revenue of \$12,502,717 inclusive of all available extension options;*
- 2. Authorises the Chief Executive Officer or her delegate to execute the contract agreement; and*
- 3. Notes that the contract will commence on 1 January 2022 or shortly thereafter, with an initial term of ten years and the contract has two separate extension options of five years each at the discretion of Council through formal resolution; and*
- 4. Requires that a portion of the revenue obtained through the contract be reinvested into bus shelter infrastructure, formalised through annual plan and budget process.*

*(*Please note that all dollar figures are GST exclusive unless stated otherwise)*

INTRODUCTION

As part of its planning process for this tender, Council Officers considered several procurement options, including whether to go to market directly, participate in regional or sector collaboration or to access established contracts via other compliant Procurement agreements. Council did investigate an option to join a contract already established by the Department of Transport but decided not to proceed with this option because it was perceived to limit the ability to provide a best value outcome for the City of Monash given the advertising revenue potential of the established bus shelter assets.

To better understand the advertising revenue and asset maintenance potential available from the market, Council conducted a two-stage expression of interest and tender process. This allowed Officers to adjust the specification scope if required, to maximise the benefits available from the market.

BACKGROUND

The existing 20-year term Contract No. 99113 'Provision of Bus Shelters and Ancillary Street Furniture' between JCDecaux Australia Pty Ltd and Council expires on 30 November 2021 and this tender process has been undertaken to ensure continuity of services into the future.

In October 2020, Council conducted a stage 1 Expression of Interest process for the provision of Bus Shelter Maintenance, Supply and Installation. This allowed Officers to gauge the market interest to leverage the demand for advertising within the City of Monash and to see if this could also be used to offset supply of new assets and maintenance. Alternative approaches could still be considered prior to issuing a stage 2 tender if required.

Three tenderers (including Council's current supplier, JCDecaux) responded to the public stage 1 Expression of Interest. The tenderers were:

1. Claude Outdoor Pty Ltd;
2. JCDecaux Australia Pty Ltd; and
3. oOh!media Street Furniture Pty Ltd

As a result of the Expression of Interest process, the service specification and proposed contract conditions were further developed. The proposed service scope included:

- Supply and Installation of 20 replacement bus shelters and 5 new poster bollards;
- A minimum guaranteed advertising revenue share and a percentage share of total revenue to offset asset renewal and maintenance costs;
- Maintenance of all existing bus shelters and poster bollards;
- Relocation or removal of existing bus shelters, if required;
- An allowance for some Council advertising space; and
- Regular asset condition reporting.

NOTIFICATION

A public notice seeking a stage 1 Expression of Interest was placed in The Age newspaper on 17 October 2020 and the Expression of Interest closed on 20 November 2020.

After a qualitative assessment of the Expression of Interest process, all three participants were invited to participate in a stage 2 tender process on 7 July 2021 with submissions closing on 30 July 2021.

TENDERS RECEIVED

Stage 2 tender submissions were received from the following three suppliers by the appointed closing time.

1. Claude Outdoor Pty Ltd;
2. JCDecaux Australia Pty Ltd; and
3. oOh!media Street Furniture Pty Ltd

For both the Expression of Interest and Tender stages, all submissions were assessed for compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules and all submissions were deemed conforming.

TENDER EVALUATION

All members of the evaluation panel signed Conflict of Interest and Confidentiality forms and no conflicts were raised.

In accordance with the Procurement Policy, the evaluation panel and evaluation criteria weightings were nominated prior to opening the Tender.

All three tenderers were assessed in accordance with the following criteria as per the tender documentation.

Pass/Fail Assessment Criteria	Score
Conforming Tender	<i>Pass/Fail</i>
Insurance and Indemnity	<i>Pass/Fail</i>
OHS	<i>Pass/Fail</i>

Table 2	Key Selection Criteria	Criteria Weightings
Qualitative Criteria	Capacity and Capability	25%
	Sustainability	15%
Quantitative Criteria	Price	60%

DISCUSSION

The final evaluation ranking (including the price and non-price evaluation criteria) had JCDecaux Australia Pty Ltd ranked highest and as such, the evaluation panel recommends JCDecaux Australia Pty Ltd as representing the best value outcome for Council.

The commercial offer from JCDecaux Australia Pty Ltd to Council consists of four key components:

1. Regular maintenance of all bus shelter and poster bollard assets in accordance with the specification;
2. Replacement of 20 bus shelters and 5 new poster bollards at no cost to Council within the first 5 years;
3. Maintenance of the existing automatic public toilet at Glen Waverley;
4. A minimum guaranteed annual advertising revenue for Council; and
5. A percentage share of advertising revenues above the minimum guarantee.

The JCDecaux forecast revenues are based on a proposed replacement of 20 existing static advertising bus shelter assets to digital screens. Any associated planning application permit fees and charges will be borne by JCDecaux and the conversion to digital screens is anticipated to be installed within the first 12 months of the contract.

The minimum guaranteed revenue share may be reduced if the planning approvals are delayed or denied. However, this is anticipated to be a low risk given that JCDecaux are experienced at managing the planning application process for these types of proposed upgrades and they regularly deal with the Department of Transport as they are the referral authority for any applications along arterial roads.

JCDecaux Australia also has Carbon Neutral Certification since 2015. They have also significantly increased their support for mental health and suicide prevention charity partner RUOK and other charities.

FINANCIAL IMPLICATIONS

The initial annual minimum guaranteed revenue will incrementally increase year on year in accordance with JCDecaux's proposal.

JCDecaux will maintain all existing bus shelters and poster bollards including the new installations at no cost to Council. In addition, JCDecaux will maintain the existing automatic public toilet at Glen Waverley also at no additional cost to Council.

Council will however still be responsible for repair costs for any damage beyond fair wear and tear to the bus shelters and poster bollards during the term of the contract. The average annual repair costs are approximately \$40,000 to \$50,000 based on recent history. This cost is covered by the existing Council operational budget.

SUSTAINABILITY OUTCOMES

Following is a list of the sustainability and social advantages supported by this proposed contract:

1. Improved visual amenity of bus shelters;
2. Increased revenue generation to sustain future upgrades and replaced bus shelters;
3. Consistent with Council's wider approach to sustainable transport across the municipality, there will be an improvement and increase in the number of bus shelters across the municipality;
4. Advertising must be compliant with the requirements of the Victorian Commission for Gambling and Liquor Regulation;
5. Improved ability for Council to advertise and communicate on some bus shelters and poster bollards;
6. The use of renewable solar power and LED lighting technology on new infrastructure assets will improve energy efficiency and also contribute to Council's reduced carbon footprint.

CONCLUSION

That Council approves the recommendations contained within this report.