

## **SECTION 2.1 TRAFFIC TENDER SPECIFICATIONS (STAGE 1)**

### **2.1.1 NEED**

Hessequa Municipality intends to appoint an experienced service provider for the provision of Traffic Law enforcement equipment, back-office systems, and related services for a longer-term period. The contract will be managed on a co-sourced basis, meaning the service provider and the Municipality will jointly render the services.

### **2.1.2 TENDER STRATEGY**

The Municipality experienced various challenges with the invitation and management of the traffic tender in the recent past..

In an attempt to understand the market better and to mitigate risks based on previous experiences, the Municipality resolved to apply a two-stage bidding process as contemplated by SCM regulation 25.

The objective is to attract more market interest, retain existing ones, ensure consultative tender specifications, and satisfy the legal and legislative objectives as well as the governance objectives of economy, efficiency, and fairness. Because the bidder accepts significant cost risks in the procurement and maintenance of electronic systems, personnel, equipment, and vehicles, it is suggested that the tender be invited for a longer period to allow the bidder to service debt arrangements and ensure a more realistic return on investment. The flip side of the coin would be that due to the economies of scale, the longer contract period may result in the Municipality having to pay less per fine.

### **2.1.3 BIDDING ACTIVITIES**

The following activities as per the two-stage bidding process are recommended:

**3) Stage 1: Request for interest: where:**

- i. Bidders must confirm a committed interest and a high-level conceptual design to the specifications.
- ii. Bidders submit evidence to allow 'functionality testing' in evaluating the bidder's ability and capability to render the service, namely:
  1. Evidence of similar experience.
  2. Evidence of viability.
  3. Evidence of financial sustainability/credibility.
  4. Quality of service offering proposal.
- iii. The Municipality will conduct 'functionality' and 'presentations' assessments.
- iv. The Municipality will short-list those bidders who achieved the minimum threshold for functionality. This process will be overseen by a Bid Evaluation Committee [BEC].

**4) Stage 2: Submission of final proposal and offer, including but not limited to:**

- i. Municipality to compile detailed specifications.
- ii. Short-listed bidders to submit a detailed tender.
- iii. The municipality will conduct a risk assessment check.
- iv. Municipality will evaluate price and preference.
- v. Municipality will award and negotiate final contracts.

#### 2.1.4 CURRENT SITUATION

The current services include the supply, installation, and maintenance of camera systems to enforce speed violations at fixed and mobile sites. Currently, there are three (3) approved fixed camera sites, and the contractor is responsible for collecting the relevant information and applying for additional fixed sites.

There is a back office, provided by the service provider, with three (3) employees, of which one (1) is a Supervisor. This office functions as a back office and operates a traffic contravention system and full back-office services for the processing of all camera-generated and handwritten traffic fines (Sec 56 and 341's). The service encompasses the full life cycle of a traffic fine from the initial issuing and capturing of the offense, through all the legal processes which include summons serving and court processes, up to the stage where the fine is ultimately finalized (summons paid, warrant of arrest paid or warrant of arrest expired). The current service provider is responsible for the capturing of representations, the printing of the representations, handling of emails, signing of section 54-summons, verification of paid fines against municipal bank statements, submitting reports to the finance department of the Municipality, capturing court judgements, compiling of court rolls, the printing of court rolls, verification of offenses, posting of notices, capture payments (municipal and provincial), load offense blocking information on service providers contravention system, filling of information, post representation outcome results to the offender, loading of representation on contravention system, scan representations for filling, update registers (warrant, court movement, summonses, etc), stamping of summonses.

The service provider further operates a 24-hour call centre at own facility and cost, to do the tracing of offenders who did not pay their fines or did not make full payment, providing monthly statistics on performance and investigating alternative interventions for the collection of traffic fines.

The service provider also provide 4 people at the Disaster Management Centre to deal with telephone queries related to traffic fines enquiries and municipality-related enquiries. The service provider supplied and installed telephones at no cost to the Municipality.

The Municipality pays the contractor an all-inclusive monthly service based on a set fee for every fine payment recorded on the Municipal system during the month regardless of how many charges are included in the fine. The municipality does not pay for any case that has been withdrawn or cancelled.

#### 2.1.5 INTERIM AND TRANSITIONAL ARRANGEMENTS

The service provider will be expected to process all new cases taken from the commencement date of the contract. The current contract with the service provider dictates that unfinalized fines in the Municipality's current service provider system will remain the responsibility of the previous service provider.

During the first 18 months, the current system(s) and the new service provider's system will work in parallel during the time it takes for the current system(s) to "run dry" (finish the old fines).

It is important to note that ALL times, the information on the system remains the property of the Municipality and must have access to such information at all times.

The Municipality is currently exploring the option that at the termination of the new contract, all data on current fines must be transferred to the Municipality in the format operable by the Municipality and the latter will have the option to

either sell the data as a form of a 'debt-book sale' or to offset the value of such data from any future service providers' offers. It is expected that the interested bidders consider these options and advise the Municipality on the feasibility thereof or alternative considerations, during the 'run dry' period of fines issued and not yet collected at the time of conclusion of the contract [refer to item 2.1.7(23) if the high-level specifications].

## 2.1.6 CONTRACT MANAGEMENT AFTER AWARD ARRANGEMENTS

The Municipal Director Community Services, or delegated official, will be the contract manager for the services and related matters by overseeing the execution of related services. The Municipal Director: Community Services will manage:

- 1) All legally prescribed powers, roles, and responsibilities, within his area of responsibility.
- 2) All related project and contract management activities.
- 3) All communication between relevant functions of the Municipality and the service provider, including, but not limited to communication within the relevant Municipal Management Structures.

A Traffic Services Steering Committee consisting of adequately senior representation from both parties. Additional members from the Municipality or other experts may be co-opted if a specific agenda item so require.

The Traffic Services SteerCom monitors that:

- 1) Contract performance management principles are adhered to.
- 2) Quality assurance mechanisms are agreed and complied with.
- 3) Service levels and Key Performance Indicators are agreed and complied with.
- 4) Payment schedule is determined and adhered to, on quality and quantity milestone progress achieved.

## 2.1.7 HIGH-LEVEL SPECIFICATIONS

It is expected that interested service providers conduct a site inspection on ..... [author note: include date] at .... [author note: include address] from .... to .... [author note: include timeslots] to ascertain for themselves the current situation and needs.

Pursuant to the site inspection, interested service providers are expected to respond in detail to the following high-level specifications and how they intend to address such:

#	High-level specification	Yes/No	Reference in detailed proposal
<b>EQUIPMENT (NOTE: For each element, explain type and specifications; insurance arrangements, maintenance arrangements; fitted and/or ancillary equipment (e.g., ANPR); ownership arrangements, cost implications, etc)</b>			
1.	Camera services.		
2.	Handheld scan and issuing devices.		
3.	Vehicles		
4.	Application support for new fixed sites or ASOD		
5.	Other suggested equipment.		
<b>BACK-OFFICE SUPPORT SERVICES, INCLUDING BUT NOT LIMITED TO:</b>			
6.	Back-office equipment and systems (hardware, software, and networking).		
7.	Back-office staff (NOTE: Explain number, qualifications, appointment,		

#	High-level specification	Yes/No	Reference in detailed proposal
	<i>employer, payment, and management arrangements).</i>		
8.	Call-centre equipment and systems (hardware, software, and networking).		
9.	Call-centre staff (NOTE: Explain number, qualifications, appointment, employer, payment, and management arrangements).		
10.	Electronic system interfacing/integrating with municipal financial management system.		
11.	Data capturing.		
12.	Issuing of notices, summonses, and warrants.		
13.	Issuing of fines manually.		
14.	Issuing of fines electronically.		
15.	Receipt and allocation of payments.		
16.	Offender tracing.		
17.	Development and maintenance of standard operating procedures and templates.		
18.	Provision of training.		
19.	Other suggested back-office-related services		
<b>OTHER SERVICES AND ARRANGEMENTS</b>			
20.	Roadblock support services.		
21.	AARTO Act management services.		
22.	Court and litigation management support services.		
23.	Transitional arrangements (phasing-in and phasing-out of contract).		
<b>PUBLIC SAFETY/CSI AND LOCAL ECONOMIC DEVELOPMENT ARRANGEMENTS</b>			
24.	Contribution towards a public safety account or related corporate social investments.		
25.	LED & SED commitments, including small contractor development and job creation.		
26.	Planned partnering arrangements with SMME's.		
27.	Other suggested and related arrangements.		
<b>CONTRACT AND PERFORMANCE MANAGEMENT SERVICES</b>			
28.	Contract management arrangements.		
29.	Performance management arrangements, including key performance indicators.		
30.	Penalty arrangements.		
31.	Dispute Resolution Mechanism		
32.	Termination mechanism		
33.	Periodic review every three (3) years in terms of MFMA Section 116 (1)(b)(iii)		
34.	Need for performance guarantee or performance security (explain cost implication if required)		
35.	Other suggested and related arrangements.		
<b>FINANCIAL AND PAYMENT ARRANGEMENTS</b>			
36.	Financial proposal (costing of services/ RoI/ sustainability/ funding sources/ guarantees/ performance securities/etc).		

#	High-level specification	Yes/No	Reference in detailed proposal
37.	Provide at least 2-payment mechanisms and explain rationale and risks and benefits for both parties.		
38.	Risk management issues and mitigation commitments.		
39.	Consideration on cap of compensation payable in terms of MSCM Regulation 51		
40.	Other suggested and related arrangements. And/or considerations.		
<b>SUGGESTED OBLIGATIONS FROM THE MUNICIPALITY</b>			
41.	Include elements for which the Municipality should retain responsibility and explain the rationale.		
42.	Optimal term of the contract (3 years/ 5 years/ 7 years/ 10 years – motivate your selection)		

## SECTION 2.2: FUNCTIONALITY TESTING – STAGE 1

The following criteria will be used to calculate points for the functionality of Service providers' tender offers, and Service providers must ensure that they submit all information and required evidence to be evaluated in terms of functionality on the criteria mentioned in Table 1 below:

**Table 1: Functionality criteria breakdown**

CRITERIA	MAXIMUM POINTS
1. Evidence of required knowledge in the field.	30
2. Evidence of viability of service provider	10
3. Evidence of financial sustainability/ credibility.	20
4. Quality of service offering proposal	40
<b>TOTAL POINTS</b>	<b>100</b>

### Important notes:

- (i) Service providers that score less than 70 out of 100 points for the functionality criteria will be regarded as submitting a non-responsive Bid and will not be evaluated on (price and preference points).
- (ii) Service providers must ensure that all the information requested is provided in detail. Failure on the service provider's part to provide the evidence required to award points will result in no points being awarded for that criterion.
- (iii) Unclear or incomplete information provided will result in no points being allocated.
- (iv) Service providers must submit applicable information for this tender. Reference to any attached documentation must be clearly indicated.
- (v) Points will be allocated in terms of the evidence provided by the service provider. If the information provided during the evaluation of the tender are known to be false, the municipality will reserve the right not to award points and/or cancel the tender and/or execute any other remedy allowed by law.

### 2.1. CRITERIA 1: Evidence of required knowledge in the field = Max 30 points:

2.1.1. **WHAT IS EVALUATED:** The Service provider's local experience and sound knowledge of the regulatory environment, to execute a project of this discipline is hereby evaluated.

**2.1.2. WHAT MUST BE COMPLETED:** A detailed summary list must be provided with the Bid submission, on **Form B: Schedule of Similar Work Carried Out by Service provider (Form B template included)**, which must have sufficient detail to indicate specific projects with the corresponding value that were completed by the Service provider, during the past 5 years.

**2.1.3. EVIDENCE REQUIRED:** Form B must be duly completed, certified, and attached

**2.1.4. NOTE:** Service providers that do not supply the information in the above-prescribed format or omit to provide the required evidence will not be awarded points for this section. The contactable references will only be used to verify if deemed necessary by the Municipality, that the bidder did complete the project as described in their tender submission. Should the reference check reveal that the project was not completed by the bidder points regarding the relevant project will be forfeited.

**2.1.5. HOW WILL POINTS BE ALLOCATED:** Points will be allocated for the Service provider's project experience as per Table 2 below.

Table 2: Knowledge of Municipal Environment		
Description	No of projects	Points awarded
Excellent	10 or more projects	30
Good	6 to 9 projects	20
Fair	3 to 5 projects	15
Weak	1 or 2 projects	10
Poor	No project	0

## 2.2. CRITERIA 2: Viability of the service provider = Max 10 points

**2.2.1. WHAT IS EVALUATED:** The experience of the Service provider's viability. The evaluation will include the service provider's years as a credible business entity.

**2.2.2. WHAT MUST BE COMPLETED:** The years of existence of the service provider must be provided in **Form B: Years in business (Form B template included)**.

**2.2.3. EVIDENCE REQUIRED:** Bidders must provide a certified copy of their registration of the CIPC document as well as attached the completed Form B and proof of years in business.

**2.2.4. NOTE:** Service providers that do not supply the information in the above-prescribed format or omit to provide the required evidence will not be awarded points for this section.

**2.2.5. HOW WILL POINTS BE ALLOCATED:** Points will be allocated for the Service provider's years' in business in terms of Table 3.

Table 3: Years in business	
Years in business	Points awarded
>10yrs	10
>7 <10 yrs	8
>5 < 7 yrs	6
>3 < 5 yrs	5

**Table 3: Years in business**

Years in business	Points awarded
< 3yrs	2

**2.3. CRITERIA 3: FINANCIAL VIABILITY = Max 20 points**

2.3.1. **WHAT IS EVALUATED:** The experience of the Service provider's financial viability. The evaluation will include the service provider's Bank rating. The rationale for requesting a bank rating is a service offering unique to South African Banks and is primarily used to establish whether a potential customer or an existing customer, is considered risky or not for a specific credit amount and specific trading terms at a specific point in time. A Bank Code is essentially an affordability assessment to determine a subject's ability to repay an amount over the given terms and is requested via the bank where the subject holds their account (the account holder). The bank reviews the account holder's account, and a code is generated by that banking institute, considering the current situation of the account holder regarding the credit amount being queried. In simplistic terms it means that the bank considers the credit amount to be expended over a given period by the account holder and it issues a bank rating ranging between "A" to "I" depending on the account holder's risk profile of honouring the relevant credit amount, with "A" being the least risk-profile and "I" being the highest risk profile.

2.3.2. **WHAT MUST BE COMPLETED:** The years of existence of the service provider must be provided.

2.3.3. **EVIDENCE REQUIRED:** Proof of Bank rating must be attached.

2.3.4. **NOTE:** Service providers that do not supply the information in the above-prescribed format or omit to provide the required evidence will not be awarded points for this section.

2.3.5. **HOW WILL POINTS BE ALLOCATED:** Points will be allocated for the Service provider's Bank rating in terms of Table 4.

**Table 4: Bank rating**

Bank rating	Points awarded
"A" to "C" rating	20
"D" and "E" rating	10
"F" to "I" rating	2

**2.4. CRITERIA 4: HIGH-LEVEL SPECIFICATION RESPONSE PROPOSAL – Max 40 points**

2.4.1. **WHAT IS EVALUATED:** Service providers must submit a detailed response to the high-level specifications as stipulated in section 2.1.7.

2.4.2. **WHAT MUST BE COMPLETED:** The Service provider must complete and attach a detailed project proposal applying similar headings as reflected in Form A.

2.4.3. **EVIDENCE REQUIRED:** Completed and duly certified detailed project proposal applying similar headings as reflected in Form A – template attached.

2.4.4. **NOTE:** Service providers that do not supply the information in the above-prescribed format or omit to provide the required evidence will not be awarded points for this section.

2.4.5. **HOW WILL POINTS BE ALLOCATED:** Points for the project proposal will be allocated as indicated in Table 5.

**Table 5: PROJECT PROPOSAL**

*The points allocated will be reflective of the following:*

- **10 points = Poor:** The technical approach and/or methodology is poor / is unlikely to satisfy project objectives or requirements. The tenderer has misunderstood certain aspects of the scope of work and does not deal with the critical aspects of the project. The activity schedule omits important tasks or the timing of the activities and the correlation among them is inconsistent with the approach paper. There is a lack of clarity and logic in the sequencing.
- **25 points = Satisfactory:** The approach is generic and not tailored to address the specific project objectives and requirements. The approach does not adequately deal with the critical characteristics of the project. The methodology is too generic. All key activities are included in the activity schedule but are not detailed. There are minor inconsistencies between timing, project deliverables, and the proposed approach.
- **40 points = Good:** The approach is specifically tailored to address the specific project objectives and requirements and is sufficiently flexible to accommodate changes that may occur during execution. The methodology is specifically tailored to the critical characteristics of the project. The work plan fits the approach paper well; all important activities are indicated in the activity schedule and their timing and sequencing are appropriate and consistent with project objectives and requirements. There is a fair degree of detail that facilitates understanding of the proposed work plan.

Service providers that score less than 70 out of 100 points for the functionality criteria will be regarded as submitting a non-responsive Bid and will not be evaluated on price and preference points.

**Failure to provide the information as required and in the format as indicated, will result in no points being awarded to the service provider for functionality.**

### SECTION 2.3: EVALUATION PROCESS

As explained in section 2.3.1, the Municipality will conduct 'functionality' assessments.

If so, required the Municipality may invite identified service providers who achieved the required minimum threshold for functionality to make presentations to it.

The Municipality will invite those service providers who achieved the required minimum threshold for functionality to participate in stage 2 of this tender process by submitting formal tenders for evaluation on price and preference, as prescribed.

**Failure to adhere to the above, may result in your tender being declared non-responsive.**

DECLARATION,

I, THE UNDERSIGNED (NAME) .....  
CERTIFY THAT THE INFORMATION FURNISHED ABOVE IS CORRECT. I ACCEPT THAT THE MUNICIPALITY MAY ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

Initials of Service Provider's Authority: .....

AUTHORISED SIGNATURE: .....

NAME: .....

CAPACITY: ..... DATE: .....