

## SIYANCUMA MUNICIPALITY



### INVITATION TO BID

**BID NO: SIYA 08/2023**

**THE SIYANCUMA MUNICIPALITY INVITES PROSPECTIVE BIDDERS REQUEST FOR PROPOSAL [“RFP”]: MUNICIPAL ELECTRICAL SERVICES DELIVERY**

#### Introduction

The Siyancoma Local Municipality is considering the appointment of a sincere, credible and experienced services provider to assist it in delivering a compliant, efficient and affordable service to the community within its area of jurisdiction comprising the towns of Douglas, Griekwastad, Smidtsdrift and Campbell.

**Services refer to municipal electrical services delivery.**

The Municipality wishes to do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective

The Municipality is currently constrained in achieving its electricity services delivery goals due to amongst other:-

1. Electricity revenues amounting to around **R64.2m** vs a bulk Eskom supply cost of around **R75.1m** annually.
2. Insufficient and affordable prepaid vending outlets.
3. Incomplete asset register.
4. Lack of skills and competency in the electricity department.
5. Lack of documentation and planning such as the availability of a master plan and operations and maintenance plan.
6. Regular power outages.

The Municipality is seeking sustainable, cost effective and tried and tested proposals from the market, to identify solutions which are available in the market today and which could enable the Municipality to determine the most appropriate solution, ensuring a financially viable and sustainable service via one of the following suggested solutions:

- itself with technology so procured from the private sector or
- in partnership with a private entity or
- contracting it's technical, billing and collection services to a private entity,

The following are the “**objectives**” the Municipality wishes to attain through this initiative:-

1. To provide value for money to the Municipality
2. To be affordable for the Municipality. Reduced costs for the municipality i.e. the Municipality must be in a better (financially sustainable) position after adoption of the new initiative than is currently the case.
3. To transfer appropriate technical, operational and financial risk to the private entity.
4. No job losses should occur during the migration period. Existing staff should not be worst off than their current positions.
5. Improved electricity service delivery to the community.
6. Infrastructure to be upgraded and/or renewed as part of the initiative.
7. Affordable tariffs for the community.

In order for the Municipality to attain its “**objectives**” the following approach will apply:-

1. This Request for Proposal is a two envelope market approach in order to obtain executable solutions on what is available in the market from prospective services providers, in order for it to attain the Municipality's set “**objectives**”.
  - i The two envelope process refers to the proposed solution being explained in envelope 1, with the financial implications and contractual terms being set out in envelope 2. If the Municipality deems the envelope 1 solution to not be feasible, the second envelope will then be returned unopened to the bidder.
  - ii. If the Municipality deems the solution as per envelope 1 to be acceptable, then the Municipality will open envelope 2 and evaluate the costs and contractual documentation so proposed by the Bidder.
  - iii From this group of Bidders whose second envelope was opened and evaluated, a preferred Bidder will be appointed with whom the Municipality will enter into negotiations.

The Municipality reserves the right to terminate this procurement process at any stage unless otherwise contracted in writing between the Municipality and the prospective Bidder.

**The Municipality is intent on complying with all relevant legislation once a possible workable solution has been identified.**

**Submission requirements to be compiled and submitted by prospective bidders.**

1. Bidders track record and “claim to fame”
2. Bidders must clearly specify their resources with regard to amongst other:
  - a. Human resources and expertise,
  - b. Plant vehicles and equipment,
  - c. Training expertise and accreditations,
  - d. Metering expertise,
  - e. Operational expertise,
  - f. Access to materials and emergency materials,
  - g. Systems availability and functionality.
3. Executive summary of the initiative(s) the Bidder is proposing, clearly indicating
  - a. how the “**objectives**” of the Municipality will be met. (Each Bidder will be limited to a Main and Alternate Bid);
  - b. What the contractual time period envisaged is for each bid;
  - c. How the Bidder expects to be remunerated relevant to each bid (not the amount but rather the principle); and
  - d. What guarantee does the Bidder expect from the Municipality?
  - e. What are the pitfalls the Municipality must mitigate against with regard to each bid so submitted by the Bidder?
4. Contractual documentation to be submitted relating to each initiative so proposed by the Bidder i.e. the contractual documentation to be entered into between the Bidder and the Municipality in both the Main bid and Alternative bid scenario.
5. The Bidder is free to only submit a Main bid or a Main Bid and an Alternative Bid.
6. Company or entity details.
7. Ownership structure. In the event of a JV or consortium, the consortium or JV agreement has to be attached to each of the submitted bids.
8. Statutory information
  - a. Tax clearance certificate / pin.
  - b. BEE status
  - c. 3 year summarised annual financial statements co confirmed by the Bidders suitors.
  - d. VAT registration
  - e. Company registration and if applicable, name change documentation
9. **A non-refundable deposit of R15,000 (fifteen thousand Rand) per bid so submitted.** For the avoidance of doubt, should the Bidder decide to only submit a Main bid, it will pay R15,000 into the nominated bank account of the Municipality. Should the Bidder decide to submit a Main bid and an Alternate bid, the Bidder will pay R20,000 into the nominated bank account of the Municipality.

**Please note:**

Bidders will be requested to present their proposal to Bid Committees.

The closing date of this Request for Proposal is 12:00 **30 June 2023 at 12:00**. The Municipality may at its discretion extend the closing date.

The nominated bank account of the Municipality is as follows:

ABSA BANK  
SIYANCUMA MUNICIPALITY  
ACCOUNT NO. 408-736-8160  
CHEQUE ACCOUNT

The POP(s) have to accompany the bid submission. No cash will be accepted by the Municipality at any of its premises.

**There will be no site visit or briefing session pertaining to this Request for Proposal. It is anticipated that the interested Bidders will have a sound understanding of the general municipal electricity distribution business.** The Municipality will conduct a detailed and thorough briefing and information session for negotiation purposes with the preferred Bidder.

The Municipality's procurement policy stipulates the 90/10 price / preference principle and will be applied to all responsive tenders in the second and final round, with Level 1 BEE contenders being awarded 10 points and a non-compliant Bidder receiving 0 points as set out in the table below:

| B-BBEE Status Level of Contributor | Number of Points for Preference |
|------------------------------------|---------------------------------|
| 1                                  | 10                              |
| 2                                  | 9                               |
| 3                                  | 6                               |
| 4                                  | 5                               |
| 5                                  | 4                               |
| 6                                  | 3                               |
| 7                                  | 2                               |
| 8                                  | 1                               |
| Non-compliant contributor          | 0                               |

*\*A non-compliant contributor is one who does not meet the minimum score for a level 8 contributor.*

Tenders in a clearly marked, sealed envelope endorsed **"Bid No. SIYA 08/2023, Request for Proposal ["RFP"]: Municipal Electrical Services Delivery** must be deposited in the Bid Box, at the offices of the Siyancuma Municipality. **13 Charl Cilliers Street, Douglas, 8730** not later than **12h00 on 30 June 2023**; immediately thereafter, the bids will be opened in public.

**Mr. MF. MANUEL**  
**MUNICIPAL MANAGER**  
**SIYANCUMA MUNICIPALITY**

Tender notice no.