



## NOTICE OF MEETING

# TENDERS SUBCOMMITTEE

I hereby give notice that an Ordinary Meeting of the Tenders Subcommittee will be held on:-

**DATE:**        **Friday**                    **13 September 2002**                    **TIME:**        **9.00 am**

**VENUE:**        **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

9 September 2002

Sharon Simiona  
**COMMITTEE SECRETARY**

Telephone (09) 836 8000 extn 8820

### **MEMBERSHIP:**

Councillors    JM    Clews, QSO, JP (Chairperson)  
                  GB    Presland (Deputy Chairperson)

Chief Executive

Director: City Services

Director: Corporate & Civic Services

Director: Strategic Projects

Director: Finance

Director: City Enterprises

Maori Issues Manager

Mayor, Bob Harvey, QSO, JP (ex officio)

Deputy Mayor, CA Stone (ex officio)

(Quorum 4 members)

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE  
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,  
WAITAKERE CITY, ON FRIDAY, 13 SEPTEMBER 2002,  
COMMENCING AT 9.00 AM.**

---

**TABLE OF CONTENTS**

<b><u>ITEM</u></b>		<b><u>PAGE NO.</u></b>
1	<b>APOLOGIES</b>	<b>1</b>
2	<b>URGENT BUSINESS</b>	<b>1</b>
3	<b>CONFIRMATION OF MINUTES</b>	<b>1</b>
4	<b>TELECOM NEW ZEALAND CONTRACT (IM02034A)</b>	<b>2</b>
5	<b>NEW ZEALAND POST CONTRACT (IM02033A)</b>	<b>3</b>
6	<b>FUJI XEROX NEW ZEALAND PRINTER AND COPIER LEASE CONTRACT (IM02038A)</b>	<b>4</b>
7	<b>CONTRACT NO. TA02507B CITY CLEANING AND ROAD SWEEPING 2002/2003</b>	<b>5</b>

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE  
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,  
WAITAKERE CITY, ON FRIDAY, 13 SEPTEMBER 2002,  
COMMENCING AT 9.00 AM.**

---

**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) and (7A) of the Local Government Official Information Act and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Committee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

**NOTE:** Urgent Business need not be dealt with now and may be delayed until later in the meeting.



**3 CONFIRMATION OF MINUTES**

Ordinary - 30 August 2002

**RECOMMENDATION**

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 30 August 2002, as circulated, be taken as read and now be confirmed.



4 **TELECOM NEW ZEALAND CONTRACT (IM02034A)**

**PURPOSE OF THE REPORT**

The purpose of this report is to seek the Tenders Subcommittee's approval to extend the existing contract with Telecom New Zealand by a further 12 months through to 30 June 2003. It is proposed that no tender be held as a benchmarking exercise demonstrates that the proposed rates are competitive, fair and reasonable.

**BACKGROUND**

Council extended its two-year telecommunications contract with Telecom in June 2001 for a further 12 months. This extension was based on good benchmarking to ensure fair and reasonable rates and a possible joint telecommunications tender with other Council's in March/April 2002.

Unfortunately, the joint telecommunications tender did not materialised but some Councils have undertaken individual and partial tenders over the last six months and that information has been shared with our Council.

Council also reviewed its telecommunications rates through the services of independent utility consultants, who confirmed that our telecommunications rates are competitive, fair and reasonable.

**STRATEGIC CONTEXT**

Extensive discussions on the proposed extension have been held with Telecom and their proposed rates for the extended 12 months have been benchmarked and are fair and reasonable.

Furthermore, as there is new and on going telecommunication infrastructure work being undertaken by a number of telecommunication organisations, Council would be better placed for a competitive tender process when this infrastructure work is more advanced.

**RESOURCES**

Based on last years spend it is anticipated that Council's telecommunication spend will be in the order of \$850,000 for which provision has been made in the 2002/2003 Annual Plan.

**CONCLUSION**

As Telecom New Zealand's proposed rates for the 12 month period ending 30 June 2003 compare favourably with a benchmark exercise, it is recommended that under the provisions of section 247E of the Local Government Act 1974 the subcommittee approve the extension of the existing Telecom contract by a further 12 months. In order to satisfy the requirements of section 247E, the reasons for not going to tender must be recorded in writing.

**RECOMMENDATIONS**

1. That the information be received.
2. That, in accordance with section 247E of the Local Government Act 1974 no tender be called for the supply of telecommunication services, on the basis that a benchmarking exercise demonstrates that the proposed contract extension is competitive, fair and reasonable.

3. That the existing telecommunications contract with Telecom New Zealand be extended through to 30 June 2003.
4. That the Director: Corporate and Civic Services be delegated authority to enter into the contract on behalf of Council.

Report prepared by: John Johnson, IM Manager.



## **5 NEW ZEALAND POST CONTRACT (IM02033A)**

### **PURPOSE OF THE REPORT**

The purpose of this report is to seek the Tenders Subcommittee's approval to extend the existing contract with New Zealand Post by a further 12 months through to 31 August 2003. It is proposed that no tender be held, as New Zealand Post is the only known provider of volume post and other services the Council requires.

### **BACKGROUND**

Council's existing contract with New Zealand Post for volume post services is for the period October 2000 through to 31 August 2002. The volume post services also includes business reply and free post and permit post.

### **STRATEGIC CONTEXT**

There are a number of small to medium size organisations that offer a range of services from mail sorting to courier and street delivery services. However, in the main these providers do not have access to PO Boxes, Private Bags, Rural Delivery, Overseas mail and do not process returned mail. In some cases they also utilise New Zealand Post for delivery services.

As New Zealand Post appear to be the only organisation to provide a complete mail service including volume post, Council have held discussions with them on the proposed extension of their contract and their rates for the extended 12 months are fair and reasonable.

### **RESOURCES**

Based on Council's postal service spend last year it is anticipated to spend in the order of \$160,000 on the proposed contract for which provision has been made in the 2002/2003 Annual Plan and provision will be made in the 2003/2004 Annual Plan.

### **CONCLUSION**

As New Zealand Post is the only known service provider to provide a complete volume post service, it is recommended that the subcommittee under the provisions of section 247E of the Local Government Act 1974 approve the extension of the existing New Zealand Post contract till 31 August 2003. In order to satisfy the requirements of section 247E, the reasons for not going to tender must be recorded in writing.

## **RECOMMENDATIONS**

1. That the information be received.
2. That, in accordance with section 247E of the Local Government Act 1974 no tender be called for the supply of volume post and other services, on the basis that there is only one known provider of the services Council requires.
3. That the existing volume post contract with New Zealand Post is extended through to 31 August 2003.
4. That the Director: Corporate and Civic Services be delegated authority to enter into the contract on behalf of Council.

Report prepared by: John Johnson, IM Manager.



## **6 FUJI XEROX NEW ZEALAND PRINTER AND COPIER LEASE CONTRACT (IM02038A)**

### **PURPOSE OF THE REPORT**

The purpose of this report is to seek the Tenders Subcommittee's approval to extend the existing leasing contracts with Fuji Xerox by a further six months through to 28 February 2003 in order for Council to finalise its organisation wide printing and copier review.

### **BACKGROUND**

Council currently lease in the order of 33 printing and copying devices including a central printer/copier machine from Fuji Xerox. As the majority of these leases are due for renewal in September 2002, Council is undertaking a full review of its printing and copier requirements before entering into any new agreements.

### **STRATEGIC CONTEXT**

This is the regular review of photocopying and printing equipment, but also forms part of the Chief Executive's programme of looking for and eliminating duplication and resource use wherever possible. Some of the leases have been individually extended till Council completes its overall review and with this report seeks the authority to extend all the leases through to the end of February 2003. This will allow time for Council to complete a full review of its requirements and to undertake the necessary procurement process. The review will take into consideration the medium to long-term impact of the Organisation Review process the Chief Executive is undertaking and Council's decisions on accommodation.

The main individual lease is the one for the central printer and copier machine that provides bulk-printing services for the Council. This equipment was upgraded last November under the same terms and conditions of the existing lease with an option to extend once Council has completed its overall review.

### **RESOURCES**

The combined value of these leases is \$260,000 per annum of which the central printer and copier is \$117,000. Funding is provided for in the 2002/2003 Annual Plan.

## CONCLUSION

As Council plans to have its printer and copier review including the associated procurement process completed by February 2003, it is recommended that under the provisions of section 247E of the Local Government Act 1974 the subcommittee approve the extension of the present rental leases with Fuji Xerox to 28 February 2003 at a value of \$130,000 plus a usage charge of 1.3 cents per copy without going to tender. In order to satisfy the requirements of section 247E, the reasons for not going to tender must be recorded in writing.

## RECOMMENDATIONS

1. That the information be received.
2. That, in accordance with section 247E of the Local Government Act 1074 no tender be called for the supply of printer and copier services at this time, on the basis that a full printer and copier review will be undertaken with an associated procurement process by 28 February 2003.
3. That the existing printer and copier leasing contracts with Fuji Xerox for a value of \$130,000 plus a usage charge of 1.3 cents per copy be extended through to 28 February 2003.
4. That the Director: Corporate & Civic Services be delegated authority to enter into the contract on behalf of Council.

Report prepared by: John Johnson, IM Manager.



## 7 CONTRACT NO. TA02507B CITY CLEANING AND ROAD SWEEPING 2002/2003

### PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract TA 02507B - City Cleaning and Road Sweeping 2002/2003 for the period ending 30 June 2005.

### BACKGROUND

Waitakere City Council has in place a maintenance contract for the cleaning of commercial centres and the citywide sweeping of kerb and channelled roads. The existing contract is due to expire on 30 September 2002.

### SCOPE OF WORK

This maintenance contract provides for the cleaning of five major commercial centres, 65 minor commercial centres including nine car parks and 243 bus shelters within these areas.

This Contract also includes the sweeping of approximately 1130km of kerb and channel citywide on a cyclic basis.

Three options were tendered - Option 1 allows for a Contract Completion Date of 30 June 2003, Option 2 for a Contract Completion Date of 30 June 2004 and Option 3 for a Contract Completion Date of 30 June 2005.

### TENDERS RECEIVED

Public Tenders were called. Ten (10) documents were uplifted and four (4) tenders submitted for the contract as shown in table 1.

Tenderer	Reg. Office	Tender Price Option 1 (excl GST)	Tender Price Option 2 (excl GST)	Tender Price Option 3 (excl GST)
Excell Corporation Limited	East Tamaki	\$553,000.00	\$1,480,000.00	\$2,377,000.00
City Contract Services Ltd	Penrose	\$960,360.00	\$2,270,103.00	\$3,568,116.50
Eco Maintenance Ltd	Glen Innes	\$534,533.24	\$1,290,687.56	\$2,068,401.88
Civic Contractors Ltd/ Onyx Group Ltd in Partnership.	Henderson/ Takapuna (New Zealand Branch)	Not Submitted	Not Submitted	\$1,318,540.00 (after correction-refer discussion herein)
<b>Engineer's Estimate ( Contract Value ):</b>		\$250,284.50	\$ 609,030.00	\$1,107,895.00

**Table 1 - Summary of Tender Prices**

### TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

The "Two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

Civic Contractors Limited/ Onyx Group Limited in Partnership elected to submit only a tender on Option 3 as this Tenderer is looking to purchase a new Road sweeper. However, this would only be financially viable for the longest term contract - Option 3. Tenderers were not required to provide a tender price for all options.

A summary of the evaluation results is shown in table 2a for option 1, table 2b for option 2 and table 2c for option 3.

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA02507B (Option 1)
									Total Weights
	<b>Weights</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>70</b>	<b>100</b>
Tenderer	Tender Sum	Grades							INDEX
Eco Maintenance Ltd	\$534,533.24	70	65	65	65	65	70	53	57
Excell Corporation Ltd	\$553,000.00	70	55	60	60	55	50	50	52
City Contract Services Ltd	\$960,360.00	65	65	65	65	65	65	-24	3
Civic Contractors Ltd and Onyx Group Ltd in Partnership	Not submitted								N/A
<b>Med.n Tender Price</b>	\$553,000.00								

**Table 2A - Summary of Tender Evaluation (Option 1)**

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA02507B (Option 2)
									Total Weights
	<b>Weights</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>70</b>	<b>100</b>
Tenderer	Tender Sum	Grades							INDEX
Eco Maintenance Ltd	\$1,290,687.56	70	65	65	65	65	70	63	64
Excell Corporation Ltd	\$1,480,000.00	70	55	60	60	55	50	50	52
City Contract Services Ltd	\$2,270,103.00	65	65	65	65	65	65	-3	17
Civic Contractors Ltd and Onyx Group Ltd in Partnership	Not submitted								N/A
<b>Med.n Tender Price</b>	\$1,480,000.00								

**Table 2B - Summary of Tender Evaluation (Option 2)**

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA02507B (Option 3)
									Total Weights
	<b>Weights</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>70</b>	<b>100</b>
Tenderer	Tender Sum	Grades							INDEX
Eco Maintenance Ltd	\$2,068,401.88	70	65	65	65	65	70	57	60
Excell Corporation Ltd	\$2,377,000.00	70	55	60	60	55	50	43	47
City Contract Services Ltd	\$3,568,116.50	65	65	65	65	65	65	-11	12
Civic Contractors Ltd and Onyx Group Ltd in Partnership	\$1,318,540.00	70	65	65	70	65	70	91	84
<b>Med.n Tender Price</b>	\$2,222,700.94								

**Table 2C - Summary of Tender Evaluation (Option 3)**

There is a significant difference between the Engineer's Estimate and the Tenders received in all three options. An examination of the rates indicated a wide variance between all Tenderers on many of the rates. The tender submitted by Civic Contractors Limited / Onyx Group Limited is approximately 20% higher than the Engineer's estimate over the period of three years.

### **TAGS, ERRORS OR OMISSIONS**

There was one tag and one significant error in the Option 1 tender submitted by Eco Maintenance Limited. These issues have not been raised with this Tenderer as the outcome of the tendering process would be unaffected.

The Tender submitted by Excell Corporation Limited contained errors in all three options. These issues were not raised with this Tenderer as the outcome of the tendering process would be unaffected.

The Tender submitted by Civic Contractors Limited/Onyx Group Limited in Partnership (Option 3 only) included an item that was required to be deleted by Notice to Tenderers No.4. This Tenderer had already submitted their tender prior to the issue of this notice. This was notified to the Tendering Authority in writing on 7 August 2002 prior to Tenders closing on 8 August 2002. They advised that this item be removed from the Schedule of Prices with the value of this item deducted from the Tender Sum.

Their Tender also contained three line extension errors resulting in the Tender being \$891.00 lower than the total in the Schedule of Prices. This was corrected without amendment to the corrected Tender Sum.

A Tender pre-letting meeting was held on 20 August 2002 with Civic Contractors Limited/ Onyx Group Limited in Partnership to address and resolve the above-mentioned issues.

### **CONSIDERATION OF OPTIONS**

A comparison of the submitted rates for all three options revealed Civic Contractors Limited/ Onyx Group Limited in Partnership provided the overall lowest rates.

Furthermore, a comparison of the weighted attribute indices in Table 2c demonstrates that Civic Contractors Limited/ Onyx Group Limited in Partnership ranked highest in option 3.

They also have the lowest tender price for option 3.

### **CREDIT CHECK**

Credit checks on both Companies have been received. There were issues with prompt payment to suppliers. These have been discussed with the tenderers and resolved.

### **SUMMARY**

The results of the tender evaluation as summarised in Table 2a, Table 2b and Table 2c shows that the tender submitted by Civic Contractors Limited/ Onyx Group Limited in Partnership achieved the highest index of 84 for option 3. This tender is also the lowest priced tender for option 3.

Onyx Group Limited is owned by Vivendi Environment Limited and is a multi-corporate international company and possibly the largest environmental management company in the world. Onyx Group Limited specialise in waste management and facility cleaning operations. They have successfully carried out previous Road Sweeping and Cesspit Cleaning Contracts for Waitakere City Council. They are also the current Domestic Refuse, Recycling and Inorganic Waste Collection Contractor for Waitakere City Council. Their local branch office in Henderson services the Waitakere City Council contracts.

Civic Contractors Limited is a local Facility Cleaning Contractor operating mainly from Henderson. They have successfully carried out previous cleaning contracts within the commercial centres for Waitakere City Council and are currently engaged on contract for Waitakere City Council's Solid Waste Business Unit carrying out litter pick-up services city-wide.

Civic Contractors Limited and Onyx Group Limited have formed a partnership to combine their respective strengths for this contract. This has the benefits of additional resourcing and the combination of their relevant experiences on components of work within this contract.

Credit checks received for both companies revealed that both had the risk of delaying payments to suppliers. However, Managing Director of Onyx Group Limited and General Manager of Civic Contractors Limited assured that the two companies have strong financial capabilities and have no difficulty meeting the requirements of this contract.

As part of City Services vision "Quality and Health and Safety is not negotiable" all Contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

#### **JOB COSTS**

	<b><u>EXCL. GST</u></b>
Tender - Civic Contractors Limited/ Onyx Group Limited in Partnership (Option 3)	\$1,318,540.00
Contingency	\$ 100,000.00
Engineering and Supervision	\$ 89,000.00
	-----
Total Job Cost	\$1,507,540.00

**SOURCE OF FINANCE**

Budget Description (from Annual Budget line item)	Codes	2002/2003 Annual Plan Budget	Allocation to This Project	Commitment	Unallocated Balance
Road Sweeping	46-7126-24440-280	\$ 69,000	\$ 45,000	\$ 24,000	\$ 0
Non sub Street Cleaning	46-7178-24770-280	\$ 274,000	\$ 113,000	\$ 161,000	\$ 0
Intersection Control	46-7180-27530-280	\$ 31,000	\$ 24,000	\$ 7,000	\$ 0
Commercial Centre Cleaning	46-7180-24440-280	\$ 165,000	\$ 105,000	\$ 60,000	\$ 0
Cesspit Cleaning	46-7126-24430-280	\$ 55,000	\$ 15,000	\$ 40,000	\$ 0
Parking Areas	46-7174-24710-280	\$ 24,000	\$ 4,000	\$ 20,000	\$ 0
Drainage	46-7174-24670-280	\$ 47,000	\$ 4,000	\$ 13,000	\$30,000
Non Subsidised General	46-7174-24700-280	\$ 47,000	\$ 28,000	\$ 13,400	\$5,600
Street Cleaning Prof. Serv.	46-7126-24360-132	\$ 8,500	\$ 5,000	\$ 3,500	\$ 0
Non Subsidised General	46-7174-24700-132	\$ 47,000	\$ 7,000	\$ 34,400	\$ 5,600
Amenities Prof. Serv.	46-7174-24360-132	\$ 45,000	\$ 12,000	\$ 33,000	\$ 0
Specialised + Catherine Mall Maint.	46-7174-24720-132	\$ 35,000	\$ 5,000	\$ 0	\$ 30,000
RAMMS Prof. Serv	46-7154-24570-132	\$ 121,400	\$ 2,000	\$31,938	\$ 87,462
		<b>Sub-Total</b>	\$ 369,000		
2003/2004 Annual Plan			\$ 569,270		
2004/2005 Annual Plan			\$ 569,270		
		<b>Total</b>	\$ 1,507,540		

**RECOMMENDATIONS**

1. That the information be received.
2. That Council approve the award of a 33 month contract (option 3, contract completion date 30 June 2005).
3. That the tender from Civic Contractors Limited/ Onyx Group Limited in Partnership for Contract No. TA02507B - City Cleaning and Road Sweeping 2002/2003 - Option 3 in the sum of \$1,318,540.00 plus \$164,817.50 GST, totalling \$1,483,357.50 be accepted.

4. That the commitment to the 2003/2004 Financial Year of \$569,270 plus \$71,158.75 GST for Contract No. TA02507B - City Cleaning and Road Sweeping 2002/2003 totalling \$640,428.75 be approved.
5. That the commitment to the 2004/2005 Financial Year of \$569,270 plus \$71,158.75 GST for Contract No. TA02507B - City Cleaning and Road Sweeping 2002/2003 totalling \$640,428.75 be approved.
6. That authority to enter into Contract TA02507B - City Cleaning and Road Sweeping 2002/2003 on behalf of Council be delegated to the Director: City Services.

Report prepared by: Honwin Shen, Transport Engineer, Transport Assets.

